



Remuneration report

The remuneration report explains the remuneration systems for the Executive Board and Supervisory Board of Rheinmetall AG and reports on the level and structure of the remuneration for the executive bodies. To this end, the individual remuneration granted and owed to current and former members of the Executive Board and the Supervisory Board is disclosed. The remuneration granted and owed that is shown is the remuneration for which the underlying activity was fully completed as of the end of fiscal 2022. With the explanation of the remuneration system for the individual remuneration components, particular attention is paid to the transparency of the resulting remuneration and its promotion of the company's long-term development. The report is based on section 162 of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022.

The remuneration report for fiscal 2021 was presented to the Annual General Meeting on May 10, 2022 in accordance with section 120a(4) of the German Stock Corporation Act (AktG) and approved by a clear majority of 91.09%. The very good voting result clearly shows that the fundamental structure, comprehensibility and transparency of last year's remuneration report met with a high level of acceptance among shareholders. It confirms that the Executive and Supervisory Boards of Rheinmetall AG can continue the report for fiscal 2022 in this proven form. Rheinmetall has also received individual criticism regarding the previous structure of Executive Board remuneration – in particular the duration of the performance measurement (performance period). This point of criticism has been eliminated with the design of the new remuneration system for Executive Board members, which was approved by the Annual General Meeting on May 11, 2021.

The remuneration report below can also be accessed using the following link: rheinmetall.com/annualreport. The current remuneration system for the Executive Board and the Supervisory Board is also available on Rheinmetall's website: rheinmetall.com/remunerationexecutiveboard. Beyond the requirements of section 162(3) AktG, an audit of the remuneration report was also conducted in a material respect by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The corresponding report on this audit can be accessed using the following link: rheinmetall.com/annualreport.

Review of fiscal 2022

After the coronavirus pandemic had calmed down, the armed conflict between Russia and Ukraine, a looming energy crisis and record inflation led to massive pressure on the capital markets in fiscal 2022. The DAX saw one of its worst six-month performances in the first half of the fiscal year. The index closed at 13,923 points on December 31, 2022, which equates to a loss of 12.3% since the start of the year. The MDAX made an even greater loss of 28.5% compared with the closing level as at December 31, 2021.

The Rheinmetall share escaped this negative trend and closed with a share price of €186.05 on December 31, 2022. This equates to a price rise of 124% compared with the closing price on December 31, 2021. This significant price increase was the result of growing demand for military equipment due to the Russia/Ukraine conflict and of the planned increase in defence spending in many European countries. In addition, the price of the Rheinmetall share increased in direct response to German Chancellor Olaf Scholz's announcement of a special fund of €100 billion to equip the German armed forces, which has since been implemented.

In the past fiscal year, Rheinmetall took appropriate measures both with strict cost control, active provisioning, and the mitigation of risks on the energy and procurement markets as measures to successfully counter the general trend of inflation and the continuing disruptions on the markets for raw materials and primary products. Not least in light of these timely decisions and the largely already implemented measures, organic sales growth of 10.3% and an improvement in operating result to an operating margin of 11.8 % were achieved in fiscal 2022. Operating free cash flow was €-152 million in fiscal 2022 and EBT was €711 million. The background to the negative operating free cash flow is Rheinmetall's business decisions as a result of the war in Ukraine. The lack of availability of raw materials and finished parts as well as the instability of global supply chains prompted Rheinmetall to increase its stockpiling of critical parts. Furthermore, Rheinmetall went into heavy pre-production in anticipation of customer demand, particularly with regard to required ammunition and military trucks.



In addition, the successor to the position of Chief Financial Officer on the Executive Board was arranged in fiscal year 2022. Dagmar Steinert was appointed to the Executive Board of Rheinmetall AG with effect from December 1, 2022. She succeeded Chief Financial Officer Helmut P. Merch, who retired at the end of 2022. This ensured a smooth handover of the CFO function. Helmut P. Merch has been a member of the Executive Board of Rheinmetall AG as Chief Financial Officer since the beginning of 2013. He has worked for Rheinmetall in a wide variety of management functions since 1982. In his 40 years with the company, he held management positions at former Rheinmetall subsidiaries, among others, prior to his appointment as CFO. Helmut P. Merch's achievements for the company were recognized by the Supervisory Board and Executive Board during his official retirement at the end of 2022.

Remuneration of the Executive Board

Remuneration of the Executive Board

Following the entry into effect of the German Act to Implement the Second Shareholder Rights Directive (ARUG II), the Supervisory Board resolved extensive amendments to the remuneration system for members of the Executive Board of Rheinmetall AG in calendar year 2021 and submitted the remuneration system to the Annual General Meeting on May 11, 2021 for approval under agenda item 7. The Annual General Meeting approved the remuneration system for members of the Executive Board by a significant majority of 92.61%. The new remuneration system has been in effect since January 1, 2022 and forms the basis for the remuneration granted and owed in fiscal year 2022. In the context of the validity of the new remuneration system, the employment contracts of all active Executive Board members were converted to this remuneration system.

The Executive Board remuneration at Rheinmetall AG firstly provides for remuneration not linked to performance (fixed remuneration), which consists of three components: the basic remuneration, fringe benefits and a company pension. Secondly, it includes performance-related remuneration (variable remuneration) comprising two components: the one-year short-term incentive (STI) and the long-term incentive (LTI). The remuneration system also includes further provisions such as penalty and clawback, share ownership guidelines, remuneration-related legal transactions and the handling of internal and external remuneration for mandates. An overview of the current structure of Executive Board remuneration is provided in the following chart.



Overview of the remuneration system

Fixed remuneration	Basic remuneration	• Annual salary paid in twelve monthly installments	
	Fringe benefits	• Benefits in kind in the form of contributions to statutory social pension insurance (or any exempting life insurance in lieu) plus use of company car	
	Pension plan	• Modular capital plan • Annual basic contribution of 16% of basic remuneration and STI on 100% target achievement • Plus any performance-based additional contribution (capped at 30% of the basic contribution) • Basic contribution and any performance-based additional contribution converted into capital component using a capitalization factor • Payment in the form of a life-long pension (retirement age is 65)	
Variable remuneration	STI	Plan type	• Target bonus
		Performance period	• 1 year
		Performance targets	• 40% earnings before taxes (EBT) (0%-250% target achievement) • 40% operating free cash flow (OFCF) (0%-250% target achievement) • 20% non-financial/individual/collective targets (0%-250% target achievement)
		Payment	• In cash after end of each fiscal year (0%-250% target achievement)
	LTI	Plan type	• Performance share plan
		Performance period	• 4 years
		Performance targets	• 40% relative TSR (0%-200% target achievement) • 40% ROCE (0%-200% target achievement) • 20% environmental, social and governance (ESG) (0%-200% target achievement) • Absolute share price performance including dividends via granting of virtual shares
		Payment	• In cash after end of four-year performance period (0%-250% target achievement)
Penalty and clawback provisions		• Reduction of variable remuneration not yet paid out and clawback of variable remuneration already paid out in the event of compliance violations and incorrect consolidated financial statements (STI and LTI)	
Share Ownership Guidelines (SOG)		• 200% of the annual gross basic remuneration for the CEO • 100% of the annual gross basic remuneration for the ordinary Executive Board members	
Remuneration-related transactions		• Executive Board contracts are concluded for the duration of the appointment to the Executive Board and thus for a period of no more than five years • Severance payment cap: In the event of premature termination of an Executive Board member's contract, payments, including fringe benefits, must not exceed the equivalent of two annual remuneration payments and must not remunerate more than the remaining term of the contract	
Remuneration for mandates		• Remuneration for mandates at affiliated companies counts towards basic remuneration; the Supervisory Board decides whether remuneration for mandates at non-affiliated companies will count	

1. Principles of Executive Board remuneration

The remuneration for members of the Executive Board of Rheinmetall AG is geared towards sustainable and long-term corporate development. It thus makes a contribution to promoting the business strategy and to the long-term development of the company. It offers incentives for the value-creating and long-term development of the company. The members of the Executive Board 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 intention is to ensure that the remuneration is competitive on a national and international scale and thus creates incentives for dedicated and successful work.

1.1 Target total and maximum remuneration of members of the Executive Board

The Supervisory Board defines a target total remuneration for each Executive Board member, which is the sum of the fixed remuneration components (basic remuneration, fringe benefits and company pension) and variable remuneration components (STI and LTI in the event of 100% target achievement). The maximum total remuneration for each individual member of the Executive Board corresponds to the amount calculated from the sum of all remuneration components for the fiscal year in question, taking into account the defined maximum caps (STI and LTI at maximum target achievement in each case) on variable remuneration.

In addition, maximum remuneration in accordance with section 87a(1) sentence 2 no. 1 AktG has been defined for the sum of all remuneration components. This amounts to €8,000,000 for the Chairman of the Executive Board



and €4,000,000 for each ordinary Executive Board member. The maximum remuneration relates to the sum of all payments resulting from the remuneration regulations 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. For an explanation of how the defined maximum remuneration of the Executive Board members was complied with, please refer to item 3.4.

1.2 Appropriateness of Executive Board remuneration

The Supervisory Board – with the support of the Personnel Committee – regularly reviews the appropriateness of the Executive Board remuneration, with the Supervisory Board receiving advice from an independent external remuneration expert.

The detailed examination of the Executive Board remuneration primarily includes a horizontal remuneration comparison, in which the level of the target and maximum remuneration received by the members of the Executive Board is compared with the usual remuneration for companies in the DAX and MDAX. This comparison took into account sales, number of employees, internationality and complexity of the Rheinmetall Group.

Secondly, a vertical comparison of remuneration is carried out regularly, analyzing the ratio of remuneration levels between the CEO, the ordinary Executive Board members, the three levels of management below the Executive Board and the pay-scale employees of the Rheinmetall Group in Germany, not only during the fiscal year but also over time.

2. Remuneration components in detail

The following section describes the remuneration components in detail and shows how the performance criteria and targets for variable remuneration were applied in fiscal 2022.

2.1 Basic remuneration

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

2.2 Fringe benefits

In addition to their basic remuneration, the Executive Board members receive fringe benefits. Fringe benefits include not only the reimbursement of reasonable expenses, but also subsidies for health and long-term care insurance 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 to heirs of the Executive Board member in the event of his/her death. The tax burden resulting from these fringe benefits is borne by the respective Executive Board member.

2.3 Company pension plan

Executive Board members receive a company 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.

For Executive Board members who had acquired pension claims before January 1, 2014 or were previously a member of the Executive Board of Rheinmetall Automotive AG, a transitional regulation applies. The average defined benefit for these Executive Board members is 27.5% of the respective basic remuneration and the respective 100% target amount of the STI before retirement. The retirement age is 63. The expenses and present values of the pension obligations for Executive Board members active in fiscal 2022 are shown below:

Executive Board pensions in accordance with IAS 19

Expenses in fiscal year						
€ '000	Total ²		Of which interest payable		Settlement amount of pension obligation as of December 31 ³	
	2022	2021	2022	2021	2022	2021
Armin Papperger from January 1, 2013 ¹	1,060	1,552	156	91	9,488	13,807
Helmut P. Merch from January 1, 2013	-	-	107	66	7,466	9,435
Peter Sebastian Krause from January 1, 2017	567	787	59	33	4,106	5,236
Dagmar Steinert from December 1, 2022	7	-	-	-	7	-
Total	1,634	2,339	322	190	21,067	28,479

¹ Member of the Executive Board since January 1, 2012

² The increase in the interest rate from the end of 2020 (0.68%) to the end of 2021 (1.13%) resulted in a reduction in service cost in 2022. At the same time, interest costs have increased. This trend will continue in 2023 due to the further rise in the relevant interest rate (3.74%).

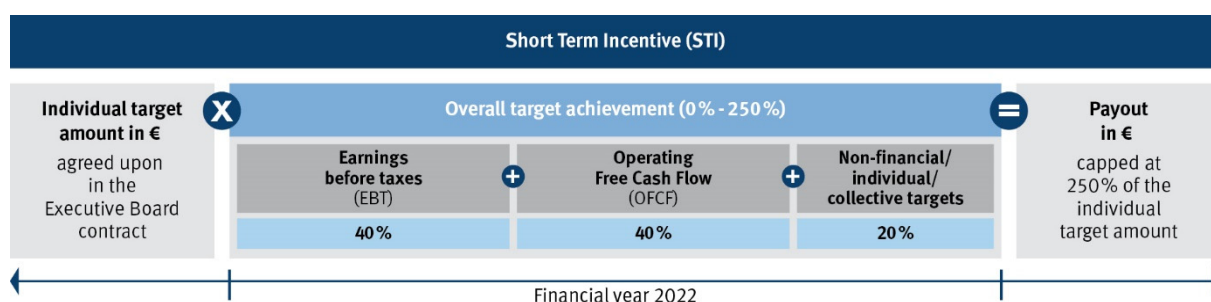
³ Refers to the amount of the cumulative pension obligations measured at the respective balance sheet date. Depending on the Executive Board member, the provisions have been recognized since they joined the Executive Board and thus over a long period.

2.4 Short-term incentive (STI)

The remuneration system provides for a one-year STI, the level of which depends on an individual target amount in euros agreed in the Executive Board employment contracts and on the achievement of financial and non-financial targets. The STI for fiscal 2022, which is to be disclosed in fiscal 2022 as remuneration granted and owed, corresponds to the remuneration system presented to and approved by the Annual General Meeting on May 10, 2021. The two key performance indicators earnings before taxes (EBT) and operating free cash flow (OFCF) are taken into account as financial targets, each with a weighting of 40%. EBT is particularly well-suited for assessing the economic success of the Rheinmetall Group's operational entities. In addition, OFCF is used as a key figure to ensure liquidity and entrepreneurial flexibility.

There is also a component that takes into account non-financial, individual and further collective targets with a weighting of 20% in the STI. The underlying targets are determined by the Supervisory Board for the respective fiscal year. The weighted total of the target achievements across the financial and non-financial/individual/collective component targets results in the overall target achievement.

Structure of the STI



For each financial target, a target figure is determined each year on the basis of operating planning, with a linear calculation made between the target achievement levels shown below.

Target achievement is capped at 2.5 times the target value, with this figure being achieved with a +20% target overachievement (maximal target fulfillment). If the target achievement is -20% or lower (minimal target achievement), the STI for the fiscal year in question is €0. The table below shows the specific target achievement levels depending on the deviation from the target value, with target achievements between the key figures shown being determined using linear interpolation.



Degree of achievement of agreed annual targets			STI payment
≥	20 %	under agreed targets	0%
	10 %	under agreed targets	50%
	100 %	of agreed targets	100%
	10 %	over agreed targets	150%
	15 %	over agreed targets	200%
≥	20 %	over agreed targets	250%

The table below shows the respective targets for earnings before taxes and operating free cash flow, the figures actually achieved in fiscal 2022 and the resulting target achievement levels that are relevant for calculating the payment amount from the STI. Target achievement is determined in each case by comparing the actual value with the target value and applying the levels shown above.

Achievement financial targets STI

	Target value	Actual value	Achievement
	€ million	€ million	%
Earnings before taxes	606	712	224.0
Operating free cashflow	248	(152)	0%

For fiscal 2022, the Supervisory Board set the following non-financial and collective targets for the Executive Board members and identified target achievements levels that are relevant for calculating the payment amount from the STI:

Achievement non-financial targets STI

Target	Explanation of achievement	Achievement	Weighting
%			
Photovoltaic plant and pilot plant for the production of green hydrogen in South Africa for CO ₂ reduction	The goal of "Project planning for a photovoltaic plant in South Africa" was achieved with great success. Despite the exponential global increase in demand for solar panels, they were procured ahead of schedule and under budget. The budget could thus be used to implement the energy feed-in into the South African power grid. The ROI of <10.2 years required for maximum target achievement was reduced to <10 years. The project planning phase has been completed and the implementation phase has started. Moreover, the target for maximum achievement of the goal of "Project planning for a pilot system for the production of green hydrogen" has been exceeded. The project has been implemented and a roadworthy truck with the pilot system is already in use.	250.0	50.0
Compliance/ ICS in Hungary	The goal of "Establishing a Rheinmetall-specific compliance structure for activities in Hungary" was successfully achieved in full and on time. A dedicated compliance risk analysis of the Hungarian business, detailed planning for a suitable support concept based on this, the implementation of compliance support in Hungary and the anchoring of ICS processes and ICS implementation were carried out.	250.0	50.0
Overall target achievement non-financial targets		250.0	100.0



The individual payment amounts for the Executive Board members shown below are derived from the target achievements presented.

Payment amount STI

	Target amount	Target achievement non-financial targets (20%)	Target achievement EBT (40%)	Target achievement OFCF (40%)	Overall target achievement	Payment amount
	€ '000	%	%	%	%	€ '000
Armin Papperger	864	250.0	224.0	0%	139.6	1,206
Helmut P. Merch	475	250.0	224.0	0%	139.6	663
Peter Sebastian Krause	360	250.0	224.0	0%	139.6	503
Dagmar Steinert ¹	35	250.0	224.0	0%	139.6	49

¹ since December 1, 2022; target amount corresponds to 1/12 of the corresponding annual value of €420 '000.

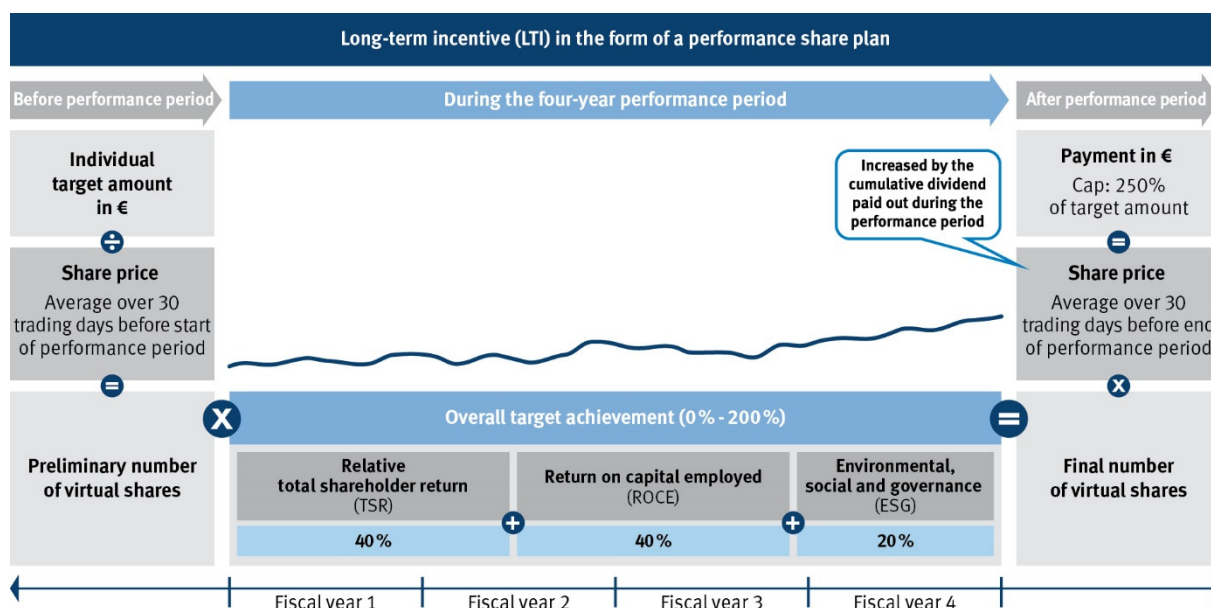
Following approval of the financial statements by the Supervisory Board, the resulting payment amount for the STI is transferred to the relevant Executive Board member with the next salary statement.

2.5 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 allocated an annual LTI in the form of a performance share plan, i.e. on the basis of virtual shares, each with a four-year term or performance period. The Executive Board members received an allocation from the performance share plan for the first time for fiscal year 2022. The allocation corresponds to the remuneration system presented to and approved by the Annual General Meeting on May 10, 2021. As the four-year performance period does not end until fiscal 2025, the 2022 tranche is not to be disclosed as remuneration granted and owed until fiscal 2025. For reasons of transparency, however, the operating principle and allocation amounts for each Executive Board member are reported below.

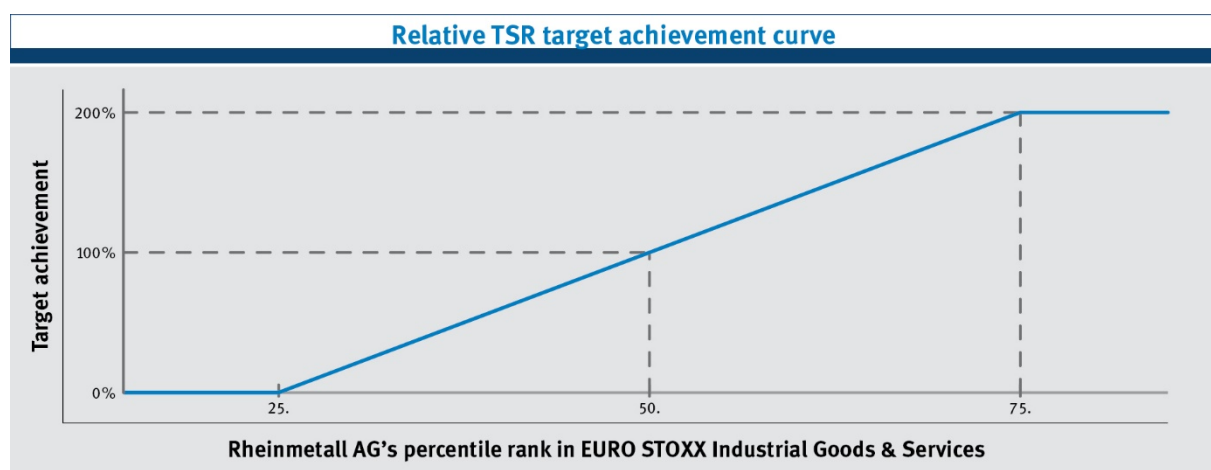
At the beginning of each fiscal year, the Executive Board members are allocated a new tranche of virtual shares under the performance share plan. An individual target amount corresponding to 100% target achievement has been agreed in the Executive Board employment contracts. The individual target amount 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 a 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 (TSR) with a 40% weighting, return on capital employed (ROCE) with a 40% weighting and environmental, social and governance (ESG) with a 20% weighting. At the end of the performance period, the final number of virtual shares 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 paid out during the performance period (dividend equivalent) to determine the final payment amount. This is paid out in cash to the Executive Board members at the end of the four-year performance period and is limited to a maximum of 250% of the individual target amount (cap). The payment amount can therefore be between 0% and 250% of the original target amount.

Structure of the LTI



The first performance target of the LTI is the company's relative TSR over the four-year performance period. Rheinmetall AG's TSR is compared with the EURO STOXX Industrial Goods & Services companies. The TSR is the share price performance plus notional reinvested gross dividends during the four-year performance period. The start and end values for determining the TSR of Rheinmetall and the peer companies are based on the average value of the last 30 stock market trading days before the beginning and before the end of the respective four-year performance period. To determine the relative TSR, the TSR values (over four years) of all companies including Rheinmetall AG are placed in order and assigned to percentiles. If the TSR of the Rheinmetall share is in the 50th percentile (median), target achievement is 100%. If the TSR is in or below the 25th percentile, target achievement is 0%. If the TSR is in the 75th percentile, target achievement is 200%. 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.

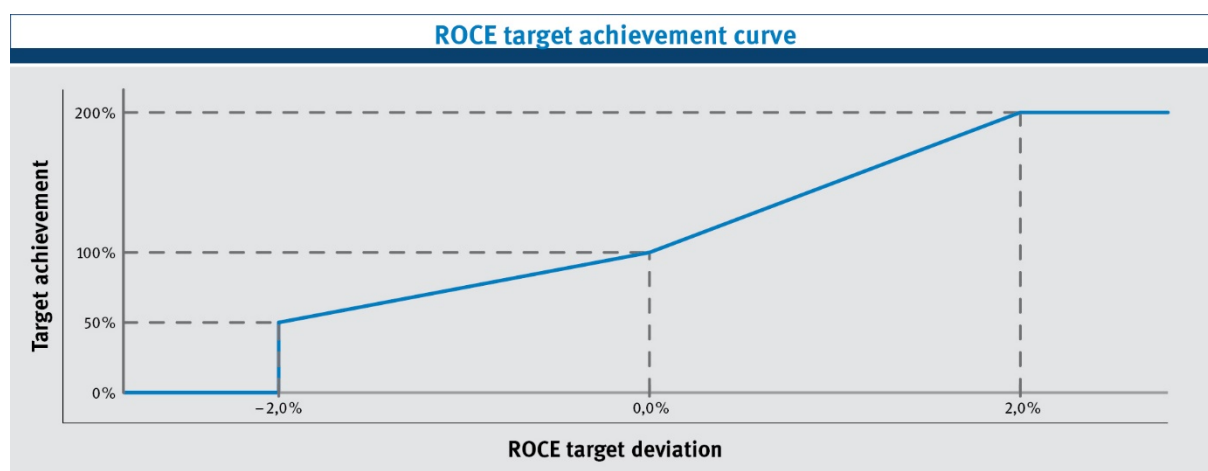
Target achievement curve relative to TSR



The second performance target of the LTI is the Rheinmetall Group's return on capital employed (ROCE), which corresponds to the ratio of EBIT to average capital employed. The ROCE actually achieved is determined annually on the basis of the Rheinmetall consolidated financial statements. Subsequently, the average ROCE during the four-year performance period is calculated, i.e. for the 2022 installment, the ROCE actually achieved in fiscal years

2022, 2023, 2024 and 2025 is decisive. To determine target achievement, average ROCE is compared with an ambitious target value set by the Supervisory Board based on the strategic plan. If the average ROCE actually achieved corresponds exactly to the target value, target achievement is 100%. If the average ROCE is exactly 2 percentage points below the target value, target achievement is 50%. If the average ROCE is 2 percentage points or more below the target value, target achievement is 0%. If the average ROCE is 2 percentage points or more above the target 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.

ROCE target achievement curve



The third performance target is formed by the Environmental, Social and Governance (ESG) targets. The ESG targets set incentives for sustainable corporate development, promote the implementation of Rheinmetall's sustainability strategy and take into account the business' impact on the environment. For the annual determination of the relevant and measurable ESG targets, the Supervisory Board is guided by a catalog of criteria defined in advance. For each tranche, other criteria or targets can be selected from the catalog of criteria, the achievement of which is measured during the four-year performance period and, analogously to the financial targets, can range from 0% to 200% per ESG target. The ESG targets for the 2022 LTI tranche are listed below:

LTI Tranche 2022: ESG targets

LTI Tranche 2022: ESG targets	
<ul style="list-style-type: none"> Reduction of CO₂ emissions in Scope 1 and 2 in the Rheinmetall Group Safety at the workplace/health: annual reduction of lost time incident rate (LTIR) 	

Performance Share Plan Tranche 2022

	Target value	Starting price Rheinmetall share	Number of shares allotted
	€ '000	€	
Armin Papperger	1,650	82.04	20,112
Helmut P. Merch	825	82.04	10,056
Peter Sebastian Krause	578	82.04	7,039
Dagmar Steinert ¹	69	82.04	838

¹ since December 1, 2022; target amount corresponds to 1/12 of the corresponding annual value of €825 '000



2.6 Malus and clawback

To further ensure the sustainable successful development of the company and the appropriateness of Executive Board remuneration, the STI and LTI are subject to penalty and clawback regulations. If, after payment of the performance-related variable remuneration (STI and LTI), it transpires that the consolidated financial statements were incorrect, the Supervisory Board may demand partial or full repayment of 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 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) AktG, the right of the company to revoke the appointment in accordance with section 84 AktG and the right of the company to terminate the Executive Board member's employment contract for cause (section 626 BGB) remain unaffected by the clause.

There were no circumstances either in fiscal 2022 or in fiscal 2021 that would have justified withholding or reclaiming the variable remuneration under the penalty and clawback provisions.

2.7 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 Chair of the Executive Board, and 100% of the annual gross basic remuneration in the case of the ordinary Executive Board members, in Rheinmetall shares and to hold these shares until the end of their Executive Board activity. The respective necessary shareholding must be accumulated within four calendar years, i.e. by December 31, 2025 by Armin Papperger, Helmut P. Merch and Peter Sebastian Krause and by December 31, 2026 by Dagmar Steinert.

2.8 Payments in the event of premature termination of the Executive Board contract

In the event that either the company or the Executive Board member does not wish to be reappointed or the Supervisory Board recalls the Executive Board member, it may be agreed that the Supervisory Board releases the Executive Board member from their service obligation while otherwise continuing to apply the contract. Ordinary termination of the employment contract of the Executive Board 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 contracts stipulate that the contract shall end automatically at the latest at the end of the month in which the Executive Board member reaches 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.

The remuneration system also provides for a severance payment cap. Under this, 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 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 contract.

The Executive Board contracts do not provide for any special arrangements for a severance payment in the event of a change of control.



2.9 Remuneration for mandates

The Executive Board remuneration covers all activities for the company and for services performed with the company in accordance with sections 15 et seq. of the German Stock Corporation Act. If remuneration is agreed for 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 decides on setting-off.

In fiscal 2022, the Executive Board members held the following mandates at affiliated and non-affiliated companies:

Members of the Executive Board and mandates of the Executive Board members

	Position/area	Appointments	Membership in Supervisory Boards
Armin Papperger Engineering graduate Born 1963 Nationality German	Chairman	January 1, 2012, to December 31, 2026	Rheinmetall Automotive AG ¹ Chairman The Dynamic Engineering Solution Pty Ltd Deputy Chairman of the Supervisory Board Rheinmetall MAN Military Vehicles GmbH ¹ Chairman Rheinmetall Landsysteme GmbH ¹ Chairman
Helmut P. Merch Business graduate Born 1956 Nationality German	CFO Finance and Controlling	January 1, 2013, to December 31, 2022	Rheinmetall Automotive AG ¹ 4iG Nyrt. ElringKlinger AG
Peter Sebastian Krause Lawyer Born 1960 Nationality German	Director of Industrial Relations Human Resources	January 1, 2017, to December 31, 2024	Rheinmetall Electronics GmbH ¹ Rheinmetall Landsysteme GmbH ¹ Rheinmetall Waffe Munition GmbH ¹
Dagmar Steinert Business graduate Born 1964 Nationality German	CFO Finance and Controlling	December, 1, 2022 to November 30, 2025	ZF Friedrichshafen AG ²

¹ Internal mandates

² Up to March 31, 2023

2.10 Third-party payments

In fiscal 2022, no Executive Board member received payments from a third party with regard to their work as an Executive Board member.



3. Itemized total remuneration for 2022

3.1 Target remuneration for fiscal 2022

In order to ensure transparent reporting of Executive Board remuneration, the table below first shows the contractually agreed target amounts of the individual remuneration components for each active Executive Board member, plus the expenses for fringe benefits and the company pension. The target amount for the STI or LTI reflects the contractually regulated STI or LTI target amount in the case of 100% target achievement.

Contractual target remuneration

	Armin Papperger		Helmut P. Merch		Peter Sebastian Krause		Dagmar Steinert	
	CEO since January 1, 2013 ¹		Member of the executive board since January 1, 2013		Member of the executive board since January 1, 2017		Member of the executive board from December 1, 2022 ²	
	2022	2021	2022	2021	2022	2021	2022	2021
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Basic remuneration	1,296	1,296	713	713	540	540	630	-
Fringe benefits	25	34	18	26	36	-	46	-
Total fixed remuneration	1,321	1,330	731	738	576	540	676	-
Short-term variable remuneration (STI)								
STI 2020	-	864	-	475	-	360	-	-
STI 2021	864	-	475	-	360	-	420	-
Long-term variable remuneration (LTI)								
LTI tranche 2020								
thereof cash portion	-	900	-	450	-	402	-	-
thereof equity share	-	750	-	375	-	335	-	-
LTI tranche 2021	-	-	-	-	-	-	-	-
thereof cash portion	1,650	-	825	-	578	-	825	-
thereof equity share	-	-	-	-	-	-	-	-
Total	3,835	3,844	2,031	2,038	1,514	1,637	1,921	-
Pension contribution	1,210	1,210	190	190	646	646	168	-
Total (including pension contribution)	5,045	5,053	2,221	2,228	2,159	2,283	2,089	-

¹ Member of the Executive Board since January 1, 2012

² Target remuneration on a full-year basis

3.2 Remuneration granted and owed in fiscal 2022 – Executive Board members active in fiscal 2022

The table below discloses the remuneration granted and owed in accordance with section 162 AktG both in the fiscal year under review and in the previous year. In addition, the expenses in accordance with IAS 19 for the company pension plan in the respective fiscal year are shown (pension expenses).

In accordance with the vesting-based interpretation, the expected payment amounts of the STI allocation for fiscal 2022 are shown in the 2022 remuneration report, as the underlying activity for the remuneration has already been fully completed at the end of fiscal 2022. The relevant results for determining the target achievement levels can already be determined as of the end of fiscal 2022, although the actual payment will not take place until the following year, i.e. in fiscal 2023. No remuneration granted and owed is yet reported for the 2022 LTI tranche, as target achievement and the potential payout amount can only be made after the end of the four-year performance period and will then also be reported according to the vesting-based interpretation.


Paid and owed remuneration for members of the executive board active in financial year

	Armin Papperger			Helmut P. Merch			Peter Sebastian Krause			Dagmar Steinert		
	CEO since January 1, 2013 ¹			Member of the executive board since January 1, 2013			Member of the executive board since January 1, 2017			Member of the executive board from December 1, 2022		
	2022	2022	2021	2022	2022	2021	2022	2022	2021	2022	2022	2021
	€ '000	%	€ '000	€ '000	%	€ '000	€ '000	%	€ '000	€ '000	%	€ '000
Basic remuneration	1,296	51	1,296	713	66	713	540	50	540	53	48	-
Fringe benefits	25	1	34	18	1	26	36	3	36	3	3	-
Total	1,321	52	1,330	731	66	738	576	53	576	56	51	-
Short-term variable remuneration (STI)												
STI 2021	-	-	1,615	-	-	888	-	-	784	-	-	-
STI 2022	1,206	48	-	663	34	-	503	-	-	49	49	-
Long-term variable remuneration (LTI)												
LTI tranche 2021												
thereof cash portion ²	-	-	900	-	-	450	-	-	300	-	-	-
thereof equity share	-	-	750	-	-	375	-	-	250	-	-	-
Total of paid and owed remuneration	2,527	100	4,595	1,394	100	2,451	1,079	100	1,910	104	100	-
Pension expenses	1,060	-	1,552	-	-	-	567	-	787	7	-	-
Total remuneration	3,587	-	6,146	1,394	-	2,451	1,645	-	2,698	111	-	-

¹ Member of the Executive Board since January 1, 2012

² Under the previous remuneration system, the 2021 LTI tranche was already paid out partly in cash after the end of fiscal 2021 and partly in shares with a four-year lock-up period. The performance period of the 2021 LTI was completed at the end of fiscal year 2021. The payment amount is therefore reported as remuneration granted and owed in fiscal 2021, as the underlying activity for the remuneration was already completed by the end of fiscal 2021.

3.3 Remuneration granted and owed in fiscal 2022 – former Executive Board members

The remuneration granted and owed in fiscal 2022 to former Executive Board members who were active within the past ten years is shown below. Mr. Jörg Grotendorst received his basic remuneration of €50,000 per month until the end of his contract term, December 31, 2022.

Paid and owed remuneration of former members of the executive board

	Jörg Grotendorst	Horst Binnig	Klaus Eberhardt
	Leaving date Dezember 31, 2022	Resignation date Dezember 31, 2019	Resignation date Dezember 31, 2012
	2022	2022	2022
	€ '000	€ '000	€ '000
Basic remuneration	600	-	-
Pension payments	-	213	433
Total	600	213	433

Eight former Executive Board members who have not been active in the last ten years received pension payments totaling €1,114 thousand.

3.4 Compliance with the maximum remuneration in accordance with section 87a(1) sentence 2 no. 1 AktG

The maximum remuneration in accordance with section 87a(1) sentence 2 no. 1 AktG shall include all remuneration components allocated for fiscal 2022. The maximum remuneration for fiscal 2022 therefore also includes the 2022 performance share plan tranche, although the amount paid out will not be known until the end of the 2025 financial year. This means that the sum of all remuneration components allocated for fiscal 2022 can only be determined after the end of fiscal 2025. In principle, the appropriateness of the possible payment amounts is ensured by limiting the STI and LTI payments in each case to a maximum of 250% of the individual target amount.



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.

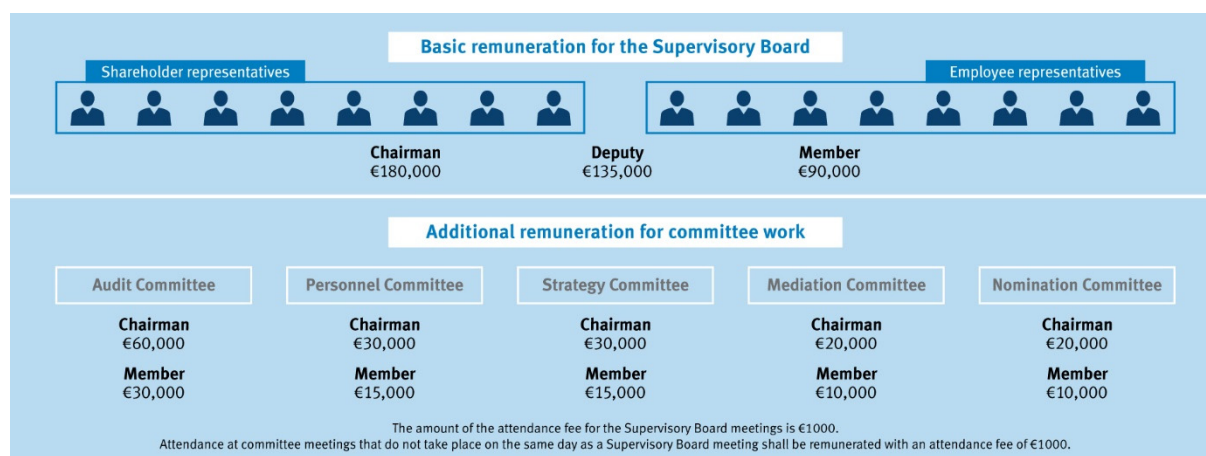
Remuneration of the Supervisory Board

Remuneration of the Supervisory Board

In accordance with section 113(3) sentence 1 AktG, the annual general meeting of a listed company must resolve on the remuneration and the remuneration system for the members of the Supervisory Board at least every four years. On May 11, 2021, Rheinmetall AG's Annual General Meeting approved the Supervisory Board remuneration regulation put to the vote under agenda item 8 with a clear majority of 99.75%. The aim of the remuneration is to strengthen the independence of the Supervisory Board as a supervisory body and to take into account the function-specific time burdens and responsibilities. This is achieved through the highlighted remuneration for the Chair and Vice Chair of the Supervisory Board and the additional remuneration for work on committees.

The remuneration regulations for the Supervisory Board applicable for fiscal 2022 are set out in Article 13 of the Articles of Association of Rheinmetall AG and are shown in the diagram below:

Remuneration of the members of the Supervisory Board and its committees



In addition to fixed remuneration and committee remuneration, Supervisory Board members receive a meeting attendance fee. The attendance fee for Supervisory Board meetings is €1,000. The attendance fee for committee meetings that are not held on the same day as a Supervisory Board meeting is €1,000. Supervisory Board and committee members who belonged to the Supervisory Board or a committee for only part of the fiscal year receive remuneration on a pro rata temporis basis. In addition, Rheinmetall reimburses Supervisory Board members for expenses incurred for Supervisory Board meetings upon request.

Each member of the Supervisory Board – with the exception of the employee representatives – is required to deploy 25% of the fixed remuneration paid for acquiring shares in the company and to hold the shares for the length of the membership in the Supervisory Board. Compliance with the holding obligation is to be demonstrated to the company. The aforementioned obligation to buy shares does not apply to remuneration that has not yet been paid at the time of departure from the Supervisory Board. The claim to the part of the remuneration referred to in Article 13(6) sentence 1 of the Articles of Association does not apply retroactively if the member of the Supervisory Board partly or fully sells or loans the acquired shares before his departure from the Supervisory Board.

The Supervisory Board members are covered by any directors' and officers' liability insurance that has been taken out by the company in its own interests in an appropriate amount and with an appropriate deductible for members of management bodies and certain other managers. The premiums for this are paid by the company.



The shareholder representatives on the Supervisory Board in office as of December 31, 2022 received the following remuneration for fiscal 2022:

Compensation granted and owed (earnings-oriented interpretation) to shareholders in office on the Supervisory Board as of December 31, 2022

		Fixed remuneration		Committee remuneration		Attendance fee		Total remuneration
		€	%	€	%	€	%	€
Ulrich Grillo	2022	180,000	54.4	130,000	39.3	21,000	6.3	331,000
Chairman of the Supervisory Board	2021	160,000	53.6	120,000	40.2	18,500	6.2	298,500
Prof. Dr. Dr. h.c. Sahin Albayrak	2022	90,000	77.6	15,000	12.9	11,000	9.5	116,000
	2021	51,507	78.4	9,658	14.7	4,500	6.9	65,665
Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger	2022	90,000	78.3	15,000	13.0	10,000	8.7	115,000
	2021	80,000	75.5	15,000	14.2	11,000	10.4	106,000
Prof. Dr. Andreas Georgi	2022	90,000	57.0	52,836	33.5	15,000	9.5	157,836
	2021	80,000	50.3	61,438	38.7	17,500	11.0	158,938
Dr. Britta Giesen	2022	90,000	77.6	15,000	12.9	11,000	9.5	116,000
	2021	51,507	77.3	9,658	14.5	5,500	8.3	66,665
Prof. Dr. Susanne Hannemann	2022	90,000	59.1	49,397	32.4	13,000	8.5	152,397
	2021	80,000	70.2	20,000	17.5	14,000	12.3	114,000
Louise Öfverström ¹	2022	58,192	68.8	19,397	22.9	7,000	8.3	84,589
	2021	-	-	-	-	-	-	-
Klaus-Günter Vennemann ²	2022	90,000	81.8	10,000	9.1	10,000	9.1	110,000
	2021	80,000	79.6	10,000	10.0	10,500	10.4	100,500

¹ Since May 10, 2022

² One attendance fee from 2021 settled in 2022 (+ €1 '000)

Figures exclude value-added tax

The employee representatives on the Supervisory Board in office as of December 31, 2022 received the following remuneration for fiscal 2022:

Compensation granted and owed (earnings-oriented interpretation) for employee representatives on the Supervisory Board in office as of December 31, 2022

		Fixed remuneration		Committee remuneration		Attendance fee		Total remuneration
		€	%	€	%	€	%	€
Dr. Daniel Hay ¹	2022	135,000	61.4	70,000	31.8	15,000	6.8	220,000
Deputy chairman of the Supervisory Board	2021	120,000	60.8	60,000	30.4	17,500	8.9	197,500
Ralf Bolm ¹	2022	90,000	67.7	30,000	22.6	13,000	9.8	133,000
	2021	80,000	70.2	20,000	17.5	14,000	12.3	114,000
Murat Küplemez ^{1,2}	2022	58,192	90.7	-	-	6,000	9.3	64,192
	2021	-	-	-	-	-	-	-
Dr. Michael Mielke	2022	90,000	90.9	-	-	9,000	9.1	99,000
	2021	80,000	87.9	-	-	11,000	12.1	91,000
Reinhard Müller ¹	2022	90,000	68.0	28,260	21.4	14,000	10.6	132,260
	2021	80,000	66.9	25,000	20.9	14,500	12.1	119,500
Dagmar Muth ^{1,3}	2022	90,000	72.9	21,466	17.4	12,000	9.7	123,466
	2021	80,000	76.9	15,000	14.4	9,000	8.7	104,000
Barbara Resch ¹	2022	90,000	90.9	-	-	9,000	9.1	99,000
	2021	80,000	89.9	-	-	9,000	10.1	89,000
Sven Schmidt ¹	2022	90,000	59.6	45,000	29.8	16,000	10.6	151,000
	2021	80,000	64.4	29,658	23.9	14,500	11.7	124,158

¹ These employee representatives in the Supervisory Board and the trade union representatives in the Supervisory Board have declared that they will transfer most of their remuneration to the Hans Böckler Foundation in accordance with the trade union regulations.

² Since May 10, 2022

³ Two attendance fees from 2021 settled in 2022 (+ €2 '000)

Figures exclude value-added tax



The Supervisory Board members who left in 2022 and who had represented the shareholders received the following remuneration:

Compensation granted and owed to shareholders who left the Supervisory Board in fiscal year 2022

		Fixed remuneration		Committee remuneration		Attendance fee		Total remuneration
		€	%	€	%	€	%	€
Dr. Franz Josef Jung ¹	2022	32,055	80.9	3,562	9.0	4,000	10.1	39,616
	2021	80,000	78.8	10,000	9.9	11,500	11.3	101,500

¹ Up to and including May 10, 2022
Figures exclude value-added tax

The Supervisory Board members who left in 2022 and who had represented the employees received the following remuneration:

Remuneration granted and owed for employee representatives on the Supervisory Board who retired in the 2022 financial year

		Fixed remuneration		Committee remuneration		Attendance fee		Total remuneration
		€	%	€	%	€	%	€
Markus Schaubel ^{1, 2}	2022	32,055	77.4	5,342	12.9	4,000	9.7	41,397
	2021	80,000	74.8	15,000	14.0	12,000	11.2	107,000

¹ These employee representatives in the Supervisory Board and the trade union representatives in the Supervisory Board have declared that they will transfer most of their remuneration to the Hans Böckler Foundation in accordance with trade union regulations.

² Up to and including May 10, 2022
Figures exclude value-added tax



Comparison of year-on-year change in remuneration

The table below shows the year-on-year change in remuneration, Rheinmetall's earnings development, and the average remuneration of Rheinmetall employees on the basis of full-time equivalents.

Comparative representation

	2022	Change 2022/2021 ¹	2021	Change 2021/2020 ¹	2020
	€ '000	%	€ '000	%	€ '000
On December 31, 2022 incumbent members of the executive board					
Armin Papperger	2,527	(45.0)	4,595	(0.6)	4,622
Helmut P. Merch	1,394	(43.1)	2,451	(0.6)	2,467
Peter Sebastian Krause	1,079	(43.5)	1,910	(1.5)	1,940
Dagmar Steinert ²	104	-	-	-	-
Former members of the executive board					
Jörg Grotendorst	600	(81.1)	3,170	493.6	534
Klaus Eberhardt	433	-	433	-	433
Horst Binnig	213	1.0	211	0.5	210
On December 31, 2022 incumbent supervisory board members					
Dipl.-Kfm. Ulrich Grillo	331	10.9	299	2.1	293
Prof. Dr. Dr. h.c. Sahin Albayrak	116	76.7	66	-	-
Dr.-Ing. Dr. Ing. E.h. Klaus Draeger	115	8.5	106	2.4	104
Prof. Dr. Andreas Georgi	158	(0.7)	159	8.1	147
Dr. Britta Giesen	116	74.0	67	-	-
Prof. Dr. Susanne Hannemann	152	33.7	114	3.2	111
Louise Öfverström ³	85	-	-	-	-
Klaus-Günter Vennemann ⁴	110	9.5	101	3.6	97
Dr. Daniel Hay	220	11.4	198	34.9	146
Ralf Bolm	133	16.7	114	112.6	54
Murat Küplemez ³	64	-	-	-	-
Dr. Michael Mielke	99	8.8	91	4.6	87
Reinhard Müller	132	10.7	120	12.7	106
Dagmar Muth ⁵	123	18.7	104	4.0	100
Barbara Resch	99	11.2	89	105.9	43
Sven Schmidt	151	21.6	124	12.9	110
In fiscal year 2022 retired members of the supervisory board					
Dr. Franz Josef Jung	40	(61.0)	102	3.6	98
Markus Schaubel	41	(61.3)	107	3.4	104
Employees					
Ø remuneration of employees	87	1.3	86	3.9	83
Earnings trend					
Net income Rheinmetall AG in € million	193	7.0	180	100.3	90
Adjusted EBT of Rheinmetall Group € million	731	30.8	559	36.0	411

¹ The change in percent is based on exact, non-rounded figures in euro

² Since December 1, 2022

³ Since May 10, 2022

⁴ One attendance fee from 2021 settled in 2022 (+ €1 '000)

⁵ Two attendance fees from 2021 settled in 2022 (+ €2 '000)



The remuneration of Rheinmetall employees is shown on the basis of average personnel expenses for employees (full-time equivalents) of the Rheinmetall Group in Germany, not including the Pistons business unit. The salaries include performance-based remuneration, additional payments, fringe benefits, social security and special payments. In line with the remuneration granted and owed in accordance with section 162 AktG, pension expenses are not included.

Düsseldorf, March 13, 2023

The Executive Board
Rheinmetall AG

Rheinmetall AG
Rheinmetall AG