



CORPORATE COMPLIANCE

INCIDENT MANAGEMENT POLICY

Policy for controlling the processing of concerns about breaches of rules

Version 1 | 1 March 2019

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A GENERAL PART

1. Purpose

The Management Board of RHEINMETALL AG strives for proper business conduct with its principles of “respect, trust and openness” and defines strict compliance with all principles of good corporate governance for the RHEINMETALL Group.

The principles of good corporate governance include, in particular, the elements of compliance in business practices and the protection of employees.

Failure to comply with these principles could lead to breaches of the law and other regulations. This often results in risks to employees and the companies in the RHEINMETALL Group. Employment relationships and the economic interests of the group could be negatively impacted.

For this reason, the RHEINMETALL Group investigates any concerns about breaches by employees in the spirit of good corporate governance irrespective of the level of hierarchy and organisational assignment, and ensures that these concerns about breaches of the rules in the RHEINMETALL Group are properly processed (“zero tolerance”).

The investigation of these types of concern must be coordinated in accordance with the following provisions. The defined provisions should be understood as binding specifications.

A detailed description of how the content of concerns should be handled is not a part of this policy, but should be drawn up in individual procedural instructions by departments charged with the investigation of rule breaches and must be based on applicable law in the respective country of application and the principle of a fair procedure.

2. Publisher

The publisher is the Chief Compliance Officer in the central Corporate Compliance department of Rheinmetall AG.

This policy is published in German and English. In addition, the policy may be provided in other languages. The publisher will determine whether a translation is necessary in individual cases.

3. Scope

This policy applies to all companies in the RHEINMETALL Group¹ and therefore must be implemented in a suitable way by the bodies of all companies so that it applies to all affected bodies and employees of the respective company. In addition, efforts should be made to ensure that comparable rules and procedures are implemented where RHEINMETALL AG has minority holdings and affiliated companies.

This policy of RHEINMETALL AG applies directly. If local statutory reasons argue against implementation of the content of this policy, the publisher must be informed. The publisher must make an adjustment based on the requirements.

¹ All companies in which Rheinmetall AG holds the majority of shares or the majority of voting rights directly or indirectly, and companies upon which Rheinmetall AG can exercise a controlling influence directly or indirectly

4. Interfaces

- Bodies with statutory obligations (Supervisory Board, Management Board, Company Management)
- Boards similar to bodies with functions within the matrix organisation
- Members of the Incident Response Committee, in particular Legal, HR, Internal Audit, Company Security
- Compliance Organisation
- Other affected central and specialist departments
- Ombudsman
- Investigative authorities

5. Other applicable documents

- Code of conduct
- “KBV Compliance” with applicability for Germany
- Procedures for undertaking case resolution (to be prepared individually by the organisational unit entrusted with the case resolution)

6. Process-accompanying appendices

- APPENDIX 1 | Incident Process
- APPENDIX 2 | Incident Assessment
 - ANNEX 1 to APPENDIX 2 | Incident Assessment - Explanation
- APPENDIX 3 | Action Plan

7. Updates

The publisher will ensure that this policy is updated.

Updates will be made annually, if possible, otherwise as warranted.

8. Validity

This policy is approved by the Management Board of RHEINMETALL AG and takes effect on **01/03/2019**.

B SPECIAL PART | CONCERN-HANDLING PROCESS

1. General

1.1 The essential points in the concern-handling process

Various internal bodies are involved in the concern-handling process.

This leads to a formalised division of responsibilities and decision-making competencies in case resolution.

The guiding principle of this division is the pursuit of a largely objective concern-handling process that is free from conflicts of interest with the clear aim of dealing fairly with employees who have potentially breached the rules.

The relevant bodies and departments in this process are:

- **Compliance Officer** (essentially responsible for fact finding)
- **Incident Response Committee** (allocates responsibilities and gives recommendations)
- **Division management/Company management** (decides on the consequences of the findings)

1.2 Overview of roles and responsibilities

Roles	Explanation
Chief Compliance Officer	Head of the Central Corporate Compliance Department
Compliance Officer	Head of a compliance organisation at the divisional or company level.
Compliance Organisation	Compliance Organisation with responsibility for a Rheinmetall company (which is affected by a concern).
Corporate Compliance	Compliance organisation of Rheinmetall AG.
Corporate Incident Response Committee	Committee to control incoming incidents and to assess results of the review of incidents at the level of Rheinmetall AG.
Department	Organisational unit with specialist expertise and responsibility.
Incident Response Committee	Committee to control incoming incidents and to assess results of the review of incidents.
Responsible body	Executive body (legal view) and the associated head of division (business view) of an affected legal unit.

1.3 Terms A – Z

Term	Explanation
Compliance Incident Register	Uniform document register for all concerns received by the Compliance Organisation, managed centrally by Corporate Compliance.
Concern	Information about possible breaches of rules relevant to the Rheinmetall Group committed by employees or persons closely related to the company.
Incident	A concern included in the Compliance Incident Register, initially without regard to its relevance in terms of investigating the concern. These may be examined by the Compliance or another organisation or by another department.
Incident Assessment	Assessment of the significance and the further handling of an incident by an Incident Response Committee.
Breach of a rule	Violation of (valid/applicable) laws, regulations, internal rules the Code of Conduct regulates this more closely.

1.4 Abbreviations A – Z

Abbreviation	Explanation
CIR	Compliance Incident Register
CCO	Chief Compliance Officer
CO	Compliance Officer
FA	Specialist Department
IRC	Incident Response Committee
IMRL	Incident Management Policy
KBV	Group Agreement [Konzernbetriebsvereinbarung]
VA	Responsible body

2. Concern-handling process

2.1 Introduction

The principles for handling concerns are set out below. They include the following aspects in particular:

- Proper recording of concerns
- Controlling the processing of incidents
- Response to the outcome of the incident reviews

In addition, any specific procedures of central and specialist departments must be observed.

Concerns must be handled without delay by all those involved.

In order to ensure objectivity in handling a concern, potential conflicts of interest must be avoided. If conflicts of interest arise in individual cases (e.g. in connection with the composition of the IRC), an alternative approach to the handling of concerns should be defined after coordination with Corporate Compliance.

On dealing with concerns and incidents, see

Appendix 1 | Incident Process and Sections 2.2 to 2.11 below.

2.2 Receipt and documentation of concerns

In principle, the compliance organisation is responsible for receiving all concerns. The compliance organisation documents the receipt and content of the concern.

Concerns about rule breaches must be treated in the strictest confidence and only notified to the necessary group of persons in accordance with the “need to know” principle. The unnecessary distribution of information could lead to unintended reputational damage or other disadvantages to employees who have acted properly. It is therefore recommended that concerns only be communicated exclusively and directly to the compliance organisation.

The RHEINMETALL organisation can receive concerns in various ways, for example:

- Personal message
- Anonymous message
- Notification via the ombudsman
- Electronic whistleblower system
- Investigations by public authorities

Regardless of the form or way in which they become known, all concerns must be handled in an equivalent way.

2.3 Concerns about misconduct of a member of the Management Board

Due to the leadership and role model function of members of the Management Board, concerns about rule breaches that are not merely based on assumptions and could affect a member of the Management Board, must be forwarded directly and exclusively to the Chief Compliance Officer.

This regulation refers to a member of the Management Board in legal and matrix terms. Therefore, this includes all members of the executive boards of RHEINMETALL AG and RHEINMETALL AUTOMOTIVE AG, as well as heads of divisions.

After receiving such a concern, the Chief Compliance Officer will immediately notify the chairman of the Management Board of the holding company responsible for the corporate sector. If the concern relates to a member of the Management Board in legal terms, the Chief Compliance Officer together with the responsible Chairman of the Management Board approaches the Chairman of the respective Supervisory Board.

If such a concern relates to a Chairman of a Management Board, the Chief Compliance Officer immediately and exclusively notifies the Chairman of the respective Supervisory Board.

In this case, the Chief Compliance Officer will reach a joint decision with the informed group of persons on the further steps, without being bound to the other rules in this policy.

2.4 Incident Response Committee | IRC

2.4.1 Role of the IRC

Central decisions about how to handle concerns are made by the Incident Response Committee | IRC. The IRC is a cross-departmental committee headed by a compliance officer. Essential tasks of the IRC are:

- **Initial control:** Decision on the responsibility for reviewing the concerns about rule breaches (fact finding) based on an assessment, see Section 2.5 below.
- **Final control:** Recommendation of action to those responsible based on results of the review of concerns about rule breaches (fact finding), see Section 2.9 below.

2.4.2 Principles of the IRC

The Management Boards and heads of divisions/members of company management are responsible for the permanent establishment and staffing of the IRC in their area of responsibility. Every RHEINMETALL company within the scope of this policy must have an IRC assigned to them for this purpose. Ideally, IRCs should be installed at the division level. However, IRCs can also be implemented at the Business Unit level.

Each IRC shall be granted the powers necessary for the purposes of this policy by those responsible heads of division/members of company management for which it is responsible.

The IRC must be composed of regular representatives of the Compliance department and at least two other departments that are suitable for controlling incidents and evaluating the results of incident reviews - such as Human Resources, Internal Audit, Legal or Corporate Security. In individual cases, additional persons are permitted as advisers to the IRC, but only regular representatives within the IRC are entitled to vote.

The compliance department (the locally responsible Compliance Officer) is responsible for managing the respective IRC.

Company bodies (legal view), heads of divisions and business units (business view) are excluded from involvement in the IRC in their own area of responsibility. As the IRC has a predominantly controlling and advisory function, conflicts of interest are avoided in this way.

2.4.3 Operation of the IRC

The IRC makes decisions on a simple majority of the votes cast. In the event of a tied vote, the Compliance Officer has the right to a double vote.

The ability of the IRC to make decisions must be permanently assured by the proxy regulation.

2.5 Incident Assessment | Initial control by the IRC

2.5.1 Introduction

The evaluation and decision on how to proceed with the fact finding takes place in two steps - provided that a minor breach is not assumed - first by the Compliance Officer in his/her function as head of the IRC and then by the IRC itself.

The Compliance Officer prepares the facts by means of a preparatory assessment so that the IRC can then decide on the further investigation of the facts.

The process outlined above is implemented using

APPENDIX 2 | Incident Assessment

Details on the application are set out in

ANNEX 1 | Incident Assessment - Explanations.

2.5.2 Preparatory incident assessment by the head of the IRC

Each incident is subjected to an initial evaluation by the responsible Compliance Officer in his/her capacity as head of the IRC, based on the previously known facts. He/she assesses the relevance and, if necessary, the risk content and responsibility.

2.5.2.1 Assessment of relevance

In order to satisfy the RHEINMETALL Group's claim to compliance and at the same time to ensure the RHEINMETALL organisation's ability to act, the relevance of each concern must be decided on. A distinction is made here between relevant and irrelevant rule breaches, e.g. events already processed or trivial breaches. This depends on how the concerns will be further dealt with internally (1st pre-filter function).

A trivial breach can be assumed particularly in the case of rule breaches that are classified below a materiality threshold. Such breaches primarily have the following characteristics:

- Breaches without specific threat to significant assets
- Breaches without specific threat to the rights of individuals
- Breaches in only unintentional acts (negligence)
- Breaches as a result of which no warning, termination of employment or similar sanctions are expected

Breaches below the materiality threshold would be, for example: Traffic offences on the premises, smoking outside of assigned places, etc.

Breaches above the materiality threshold are, in particular, the following: Corruption and competition-related offences, breaches of export control, sexual harassment of employees, theft, etc.

However, the classification of breaches below or above the materiality threshold must always be based on the individual case. For example, smoking outside of assigned locations on the factory premises may be above the materiality threshold if it occurs in the vicinity of highly flammable substances and thus would pose a specific threat to the life and limb of people or significant assets.

For rule breaches which **have been classified as irrelevant**, only the following processing rules apply and their further prosecution is at the discretion of the responsible IRC:

- These breaches must be sufficiently documented.
- In the form of an overall picture, these breaches must be reported cyclically (at least annually) to the responsible IRC and Corporate Compliance.

Insofar as they are relevant, the Compliance Officer continues to deal with the content as described below.

2.5.2.2 Recording in the CIR

The concerns are entered into the CIR and are given the status “Incident”. When recorded as an incident, the facts are given an individual number which, starting from this point in time, acts as an unambiguous identification irrespective of the specific processing.

2.5.2.3 Assessment of risks and responsibility

The responsible Compliance Officer then identifies the potential risks associated with the review of the incident (risk assessment) and, on the basis of this risk assessment, derives his/her proposal for the specialist department responsible for the review (responsibility). The responsible Compliance Officer as head of the IRC will hand over the preliminary assessment to the other members of the IRC. The result of this preliminary assessment forms the basis for the subsequent assessment of the incident by the IRC.

2.5.3 Final incident assessment by the IRC

Based on the factual information available to date and the preliminary assessment by the head of IRC, the IRC decides on how the incident will be dealt with further (2nd pre-filter function). This includes the following aspects:

1. Decision on the need for more in-depth fact finding (if relevant).
2. Based on how positively the need for fact finding was decided, the IRC undertakes the required risk assessment in accordance with

APPENDIX 2 | Incident Assessment

(risk assessment).

3. Based on the risk assessment, the IRC derives the specific responsibility for carrying out the actual case resolution. In this context, the compliance organisation is essentially responsible for case resolution on the basis of the defined allocation of competences, although in exceptional cases justified by the IRC, as mentioned above, another responsibility may be defined (responsibility).

The IRC concludes the assessment of the incident with this decision. In making this decision, the IRC is not bound to the preliminary assessment of the head of the IRC, but decides independently.



Note

If, during the fact-finding process, there are findings which make a reassessment of the incident appear necessary, the IRC must re-evaluate the current information situation. This does not preclude a later change of responsibilities.

2.6 Notification and assignment

The IRC informs the relevant responsible persons of the company affected by the incident as well as Corporate Compliance about the Incident Assessment by sending the completed form.

APPENDIX 2 | Incident Assessment

In addition, Corporate Compliance makes the documented concern available.

If fact finding is ultimately to be undertaken, the IRC hands over the next steps to the department designated as responsible in accordance with the incident assessment and provides it with all the information already available. This corresponds to a review request to the department selected accordingly. Further fact finding is the responsibility of the respective department.

The assigned department is entitled to unrestricted cooperation in connection with the review request from all areas of the entire RHEINMETALL Group. This means, in particular, that the assigned department has an unrestricted right to information throughout the group and the right to cooperation from other bodies. Any action which is likely to have a material influence on the implementation of the review must be agreed with the department responsible for the review (e.g. dismissal of an affected employee before completion of the fact finding).

2.7 Corporate Compliance's reservation of power

Corporate Compliance takes note of every incident assessment. If, in the context of the submitted incident assessment, Corporate Compliance concludes that the responsibility of the referring IRC does not appear to be appropriate (e.g. due to the critical nature of the facts), it is at the discretion of the Chief Compliance Officer to call on the Corporate IRC for a new incident assessment using

APPENDIX 2 | Incident Assessment.

If this happens, other incident assessments are subordinate in this matter and the Corporate IRC is responsible for notification of the persons responsible as well handover to the responsible department.

2.8 Review of the incident | Fact finding

All fact-finding measures (e.g. employee surveys or forensic evaluations) must be based on applicable law. Corporate Compliance can be involved in drawing up general work instructions for certain information-gathering activities. In addition, the legal department or the data protection officer should be consulted in order to assess the legality of the measures.

The head of the affected division or business units will provide all the resources needed for the review.

If, for example, there is no agreement between the person responsible for the budget and the department charged with the investigation with regard to the cost burden in connection with fact finding, the decision on the costs must be delegated directly to the next higher decision-making level.

Investigations by the Compliance Organisation lead to a different approval and release process, which is described in the "Investigation Procedure".

In addition, the specialist department engaged by the IRC for the review is obliged to provide information about the current status of the fact finding at the request of Corporate Compliance.

The assigned department prepares a report on the outcome of the fact finding. A draft of this must be provided to the management of the affected company for information before it is sent to the IRC. This gives the management the opportunity to comment on factual details that may have been disregarded during the review or that were not or only insufficiently appreciated in the operational context. However, there is no right to change the report provided.

2.9 Action recommendation | Final control by the IRC

The final draft report will then be presented to the IRC and IRC members will make recommendations for corrective action, in particular within their remit. If necessary, the IRC will include other appropriate departments in this. The IRC then sends the now final report - including recommendations - to the respective responsible persons of the company concerned.

2.10 Response of those responsible

The management of the affected company decides on the initiation of appropriate corrective measures in response to the outcome of the fact finding and orders the responsible specialist departments to implement them. The legal responsibility of the respective company management (legal view) must be observed. Subsequently, the company management informs the responsible IRC and the head of division which measures have been initiated or decided.

For the uniformity of the confirmation and documentation of corrective measures, the template of

APPENDIX 3 | Action Plan

must be used.

When the notification of the response of those responsible has been received by IRC, the review of the incident is formally ended.

2.11 Final documentation

The final state of affairs of each incident in the RHEINMETALL Group must be fully documented in the CIR. The specialist department engaged by the IRC is obliged to support the compliance organisation for the documentation.

The following documents must be archived in electronic form by the Compliance Organisation. The department responsible for the review must provide the necessary information.

This includes:

- Initial concern
- Incident assessment
- Final report/other final documentation
- Recommended measures by the commissioning IRC
- Response of the responsible company management

The affected company remains responsible for storing the original review documentation. The respective responsible compliance organisation should be entrusted with storing the records. The retention requirement for the documentation of the review is ten years from the date of publication of the report to those responsible. In exceptional cases, a reasonable longer period should be set.

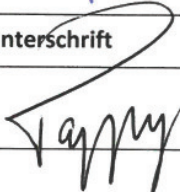
After the issue is completely handled, the department responsible for the review must make or arrange for a final internal communication if this seems necessary for the purpose of rehabilitating persons or bodies unfairly affected. Mandatory recipients should then be informed of the general result of the specific review in an abstract way and limited to the necessary details.

C DOKUMENTENMANAGEMENT

Verantwortlicher Herausgeber

Autor	Position	Abteilung	Datum	Unterschrift
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Freigabe

Freigabe durch	Position	Organisation	Datum	Unterschrift
Armin Papperger	Vorstandsvorsitzender & Fachvorstand	Rh AG	01.03.2019	

Änderungsdienst

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1.0	01.03.2019	M. Salzmann	Keine. Erstausgabe.

Verteiler

Bereiche	Adressaten	Standorte	Intranet
Konzern / Group	Vorstände Divisionsverantwortliche Geschäftsführungen und vergleichbare Organe Mitarbeiter der Compliance- Organisation Alle mit der Umsetzung dieser Richtlinie betrauten Mitarbeiter anderer Fachbereiche	Alle	Ja