

## Remuneration report

### Remuneration of the Executive Board

If the Executive Board contract is terminated during the year, the basic compensation as well as the STI and LTI are granted only on a pro rata temporis basis. The level of target achievement for the STI and LTI is always calculated on the day on which the contract ends, although the remuneration system provides for the agreement of an alternative arrangement in the Executive Board contract.

The remuneration system also stipulates a severance payment cap, whereby payments to an Executive Board member that are agreed upon with the Executive Board member concerned in the event of premature termination without cause of the Executive Board contract (including fringe benefits) do not exceed the equivalent of two annual remuneration payments and do not remunerate more than the remaining term of the Executive Board contract. The remuneration system does not allow any special arrangements for a severance payment in the event of a change of control.

#### 2. Executive Board compensation for fiscal 2020

Effective October 1, 2020, Jörg Grotendorst was appointed member of the Executive Board. His appointment as member of the Executive Board of Rheinmetall AG took place for the period from October 1, 2020, to September 30, 2023. When appointing Jörg Grotendorst, compensation was made for lapsing claims at his previous employer, with him receiving a one-time capital payment of €500 thousand in the context of his pension benefits.

#### 2.1 Variable, performance-related remuneration for fiscal 2020

For the Chairman of the Executive Board, Armin Papperger, the STI target amount for fiscal 2020 was €864 thousand, for Helmut P. Merch €475.2 thousand, for Peter Sebastian Krause €360 thousand and for Jörg Grotendorst pro rata €100 thousand.

At the beginning of the fiscal year, in line with the resolved planning, the Supervisory Board had set target values for EBT of €439.0 million and for ROCE of 13.0%. These figures represented a target achievement of 100%. When the planning had been resolved, it was already evident that Group business, but particularly the Automotive sector, would be strongly dependent on the development of the COVID-19 pandemic. For this reason, when the targets were agreed, the Supervisory Board defined a method in line with criteria that can be determined objectively and that cannot be influenced by the Executive Board so as to neutralize the purely COVID-19-related impact on the Automotive sector in terms of EBT and ROCE (COVID-19 mechanism). For fiscal 2020, the application and impact of this COVID-19 mechanism was assessed by the Supervisory Board, following which the auditor carried out the agreed examinations. After application of this mechanism, the EBT target figure was €266.1 million and the ROCE target figure was 8.7%.

For fiscal 2020, the EBT actually achieved was €381.8 million, with the actually achieved ROCE totaling 12.3%. Thus for Armin Papperger and Helmut P. Merch, who are subject to the previous remuneration system, the target achievement for the key financial figures was 200% for the EBT component and 200% for the ROCE component. For Peter Sebastian Krause and Jörg Grotendorst, for whom the current remuneration system applies, the target achievement was 250% for the EBT component and 250% for the ROCE component.

The non-financial targets set for fiscal 2020 were occupational and health protection measures to reduce infection risk in relation to COVID-19 and a communication concept for internal and external communication as a result of the COVID-19 pandemic. The target achievement for the non-financial targets was 100% for Armin Papperger and Helmut P. Merch (previous remuneration system) and 125% for Peter Sebastian Krause and Jörg Grotendorst (current remuneration system). Thus the total target achievement for Armin Papperger is 190%, for Helmut P. Merch 190%, for Peter Sebastian Krause 237.5% and for Jörg Grotendorst 237.5%. In fiscal 2020, no use was made of the modifier and no margin of discretion was exercised.

To calculate the distribution amount in the context of the LTI, the decisive factor is the average adjusted EBT of the last three fiscal years (Component I) and the TSR of Rheinmetall as a ratio of the MDAX (Component II). The personal EBT factor is 0.00067 for Peter Sebastian Krause and 0.00075 for Jörg Grotendorst. As described, for the LTI relating to the Chairman of the Executive Board and the CFO only the EBT component (limited to €300 million) is decisive. Armin Papperger has a personal EBT factor of 0.005 and Helmut P. Merch one of 0.0025. For fiscal years 2018 to 2020, the Rheinmetall Group generated an average adjusted EBT of €458 million:

#### Adjusted EBT € million

	2020	2019
<b>EBIT</b>	<b>89</b>	<b>512</b>
One-off expenses and income in connection with:		
Equity investments	78	(2)
Properties	23	(2)
Restructuring	55	24
Other	199	24
<b>EBIT (adjusted)</b>	<b>444</b>	<b>533</b>
Net interest	(33)	(35)
<b>EBT (adjusted)</b>	<b>411</b>	<b>498</b>

In comparison to the MDAX companies, the average TSR at Rheinmetall during the grant year was on the 23rd percentile. This represents target achievement of 46.154%.

On the basis of the reference share price of €85.18 for the end of February 2020, in the context of the LTI for fiscal 2019 a total of 20,689 shares were transferred to the Executive Board of Rheinmetall AG on March 27, 2020. The CEO Armin Papperger received 8,804 shares, while Helmut P. Merch and Horst Binnig each received 4,402 shares and Peter Sebastian Krause received 3,081 shares. The transfer of shares for the LTI for fiscal 2020 will take place on March 26, 2021, based on the reference share price as of the end of February 2021.

## Remuneration report

### Remuneration of the Executive Board

#### 2.2 Itemized total remuneration for fiscal 2020

Itemized details of the remuneration of the Executive Board for fiscal 2020 can be found in the following table, in addition to the respective values for the previous year:

<b>Armin Papperger</b>						
Chairman of the Executive Board from January 1, 2013 <sup>1</sup>						
€ thousand	2020			Benefits received	2019	
	Target	Benefits granted Min. Max.			Benefits granted (target)	Benefits received
Basic remuneration	1,296	1,296	1,296	1,296	1,200	1,200
Fringe benefits	34	34	34	34	32	32
<b>Total</b>	<b>1,330</b>	<b>1,330</b>	<b>1,330</b>	<b>1,330</b>	<b>1,232</b>	<b>1,232</b>
Short-term variable remuneration (STI)	864	-	1,728	1,642	800	1,424
Long-term variable remuneration (LTI)						
<i>of which cash component*</i>	900	-	900	900	900	900
<i>of which share component</i>	750	-	750	750	750	750
<b>Total**</b>	<b>3,844</b>	<b>1,330</b>	<b>4,708</b>	<b>4,621</b>	<b>3,682</b>	<b>4,306</b>
Pension expenses	1,469	1,469	1,469	1,469	1,189	1,189
<b>Total remuneration</b>	<b>5,312</b>	<b>2,798</b>	<b>6,176</b>	<b>6,090</b>	<b>4,872</b>	<b>5,495</b>

<sup>1</sup> Member of the Executive Board since January 1, 2012

\* Also contains the additional payment equivalent to 20% of the share value

\*\*The subtotal corresponds to the total remuneration in accordance with section 314(1) no. 6 German Commercial Code ("HGB") in conjunction with GAS 17

<b>Helmut P. Merch</b>						
Member of the Executive Board from January 1, 2013						
€ thousand	2020			Benefits received	2019	
	Target	Benefits granted Min. Max.			Benefits granted (target)	Benefits received
Basic remuneration	713	713	713	713	660	660
Fringe benefits	26	26	26	26	26	26
<b>Total</b>	<b>739</b>	<b>739</b>	<b>739</b>	<b>739</b>	<b>686</b>	<b>686</b>
Short-term variable remuneration (STI)	475	-	950	903	440	783
Long-term variable remuneration (LTI)						
<i>of which cash component*</i>	450	-	450	450	450	450
<i>of which share component</i>	375	-	375	375	375	375
<b>Total**</b>	<b>2,039</b>	<b>739</b>	<b>2,515</b>	<b>2,467</b>	<b>1,951</b>	<b>2,294</b>
Pension expenses	-	-	-	-	792	792
<b>Total remuneration</b>	<b>2,039</b>	<b>739</b>	<b>2,515</b>	<b>2,467</b>	<b>2,743</b>	<b>3,086</b>

\* Also contains the additional payment equivalent to 20% of the share value

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**Peter Sebastian Krause**Member of the Executive Board  
from January 1, 2017

€ thousand	2020			Benefits received	2019	
	Target	Min.	Max.		Benefits granted (target)	Benefits received
Basic remuneration	540	540	540	540	443	443
Fringe benefits	36	36	36	36	35	35
<b>Total</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>478</b>	<b>478</b>
Short-term variable remuneration (STI)	360	-	900	855	308	596
Long-term variable remuneration (LTI)						
<i>of which cash component*</i>	302	-	603	277	315	315
<i>of which share component</i>	251	-	503	231	263	263
<b>Total**</b>	<b>1,488</b>	<b>576</b>	<b>2,581</b>	<b>1,938</b>	<b>1,364</b>	<b>1,652</b>
Pension expenses	744	744	744	744	476	476
<b>Total remuneration</b>	<b>2,233</b>	<b>1,320</b>	<b>3,325</b>	<b>2,683</b>	<b>1,840</b>	<b>2,128</b>

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**Jörg Grotendorst**Member of the Executive Board  
from October 1, 2020

€ thousand	2020			Benefits received	2019	
	Target	Min.	Max.		Benefits granted (target)	Benefits received
Basic remuneration	150	150	150	150	-	-
Fringe benefits	3	3	3	3	-	-
<b>Total</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>	-	-
Short-term variable remuneration (STI)	100	-	250	238	-	-
Long-term variable remuneration (LTI)						
<i>of which cash component*</i>	84	-	169	77	-	-
<i>of which share component</i>	70	-	141	65	-	-
<b>Total**</b>	<b>408</b>	<b>153</b>	<b>712</b>	<b>532</b>	-	-
Pension expenses	533	533	533	533	-	-
<b>Total remuneration</b>	<b>940</b>	<b>686</b>	<b>1,245</b>	<b>1,065</b>	-	-

\* Also contains the additional payment equivalent to 20% of the share value

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In fiscal 2020, Rheinmetall AG and its subsidiaries did not grant Executive Board members any advance payments or loans, nor were any contingent liabilities entered into in their favor.

## Remuneration report

### Remuneration of the Executive Board

#### **3. Planned overhaul of Executive Board remuneration and say on pay at the Annual General Meeting in 2021**

In the context of the resolution on approving Executive Board remuneration at the Annual General Meeting in 2020, in consultation with the Personnel Committee, the Supervisory Board is comprehensively overhauling the current remuneration system.

By embedding and mapping relevant key indicators in an even more comprehensive fashion, the overhauled remuneration system is to be aligned even more closely to Rheinmetall's strategy and the sustainable success of the company. In the process, the Supervisory Board is also taking account of investor feedback and the relevant recommendations of voting rights consultants made in the context of the say on pay 2020.

The Supervisory Board intends to present the overhauled remuneration system to the Annual General Meeting for approval in May 2021. More detailed information on the key adjustments to the remuneration system will be presented and explained before the Annual General Meeting in 2021.


# Remuneration report

## Remuneration of the Supervisory Board

### Remuneration of the Supervisory Board

The current remuneration regulations for the Supervisory Board were adopted by the Annual General Meeting on May 8, 2018, with effect from fiscal 2019. These are set down in Article 13 of the Articles of Association of Rheinmetall AG. The remuneration of the Supervisory Board consists of fixed remuneration only. It takes account of the responsibilities and scope of activities of the Supervisory Board members.

### Remuneration of the members of the Supervisory Board and its committees

Basic remuneration for the Supervisory Board				
				
Chairman €160,000		Deputy €120,000		Member €80,000
Additional remuneration for committee work				
Audit Committee	Personnel Committee	Strategy Committee	Mediation Committee	Nomination Committee
Chairman €40,000 Member €20,000	Chairman €30,000 Member €15,000	Chairman €30,000 Member €15,000	Chairman €20,000 Member €10,000	Chairman €20,000 Member €10,000

The shareholder representatives on the Supervisory Board received the following remuneration for fiscal 2020:

€		Fixed remuneration	Remuneration for committee work	2020	2019
Ulrich Grillo	Chairman of the Supervisory Board and Chairman of the Strategy, Personnel, Mediation and Nomination Committees and member of the Audit Committee	160,000	120,000	280,000	280,000
Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger	Member of the Supervisory Board and member of the Strategy Committee	80,000	15,000	95,000	95,000
Professor Dr. Andreas Georgi	Member of the Supervisory Board and Personnel Committee and Chairman of the Audit Committee	80,000	55,000	135,000	135,000
Professor Dr. Susanne Hannemann	Member of the Supervisory Board and member of the Audit Committee	80,000	20,000	100,000	100,000
Dr. Franz Josef Jung	Member of the Supervisory Board and Nomination Committee	80,000	10,000	90,000	90,000
Detlef Moog	Member of the Supervisory Board and member of the Strategy Committee	80,000	15,000	95,000	95,000
Klaus-Günter Vennemann	Member of the Supervisory Board and Nomination Committee	80,000	10,000	90,000	90,000
Univ.-Prof. Dr. Marion A. Weissenberger-Eibl	Member of the Supervisory Board and member of the Mediation Committee	80,000	10,000	90,000	90,000
<b>Total for shareholder representatives</b>		<b>720,000</b>	<b>255,000</b>	<b>975,000</b>	<b>975,000</b>

Figures exclude value-added tax

## Remuneration report

### Remuneration of the Supervisory Board

The employee representatives in the Supervisory Board who are members of the trade union and forward their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Federation of German Trade Unions received the following remuneration for fiscal 2020:

€		Fixed remuneration	Remuneration for committee work	2020	2019
	Dr. Rudolf Luz (up to June 30, 2020)	59,672	29,836	89,508	180,000
	Up to June 30, 2020 Member of the Supervisory Board and member of the Personnel Committee				
	From July 13, 2020 Deputy Chairman of the Supervisory Board Deputy Chairman of the Personnel Committee Member of the Audit Committee Member of the Strategy Committee	98,798	36,147	134,945	95,000
	Roswitha Armbruster (up to June 30, 2020)	39,781	9,945	49,727	100,000
	Member of the Supervisory Board and member of the Audit Committee				
	Ralf Bolm (from July 1, 2020)	40,219	9,399	49,618	0
	Member of the Supervisory Board				
	From July 13, 2020 Member of the Audit Committee				
	Dr. Michael Mielke	80,000	0	80,000	80,000
	Member of the Supervisory Board				
	Reinhard Muller	80,000	17,049	97,049	90,000
	Member of the Supervisory Board and member of the Mediation Committee				
	From July 13, 2020 Member of the Personnel Committee				
	Dagmar Muth	80,000	15,000	95,000	95,000
	Member of the Supervisory Board and Member of the Strategy Committee				
	Barbara Resch (from July 1, 2020)	40,219	0	40,219	0
	Member of the Supervisory Board				
	Markus Schaubel	80,000	15,000	95,000	95,000
	Member of the Supervisory Board and member of the Strategy Committee				
	Sven Schmidt	80,000	20,000	100,000	100,000
	Member of the Supervisory Board and member of the Audit Committee				
	<b>Total for employee representatives</b>	<b>678,689</b>	<b>152,377</b>	<b>831,066</b>	<b>835,000</b>
	<b>Total for Supervisory Board</b>	<b>1,398,689</b>	<b>407,377</b>	<b>1,806,066</b>	<b>1,810,000</b>

Figures exclude value-added tax

In addition, Rheinmetall refunds VAT on Supervisory Board remuneration to the members of the Supervisory Board upon request.

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.

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 €500.

In the year under review, the members of the Supervisory Board did not receive any further remuneration or benefits for personal services, especially consultancy and mediation services.

As in previous years, the Supervisory Board members did not receive any advance payments or loans, nor were any contingent liabilities entered into in their favor.

Düsseldorf, March 1, 2021

Rheinmetall Aktiengesellschaft  
The Executive Board

Armin Papperger

Helmut P. Merch

Peter Sebastian Krause

Jörg Grotendorst