

Convenience Translation

Rules of procedure for the Supervisory Board of Rheinmetall Aktiengesellschaft

The Supervisory Board of Rheinmetall Aktiengesellschaft adopted the following rules of procedure at its meeting on December 7, 2017:

I. General

The Supervisory Board shall carry out its work in accordance with the legal regulations, the Articles of Association of Rheinmetall Aktiengesellschaft and these rules of procedure. In doing so, it shall follow the recommendations of the German Corporate Governance Code (DCGK) that are currently valid, unless any deviations have been declared in accordance with Section 161 of the *Aktiengesetz* (German Stock Corporation Act). It shall cooperate with the company's other executive bodies in a spirit of trust and in the interests of the company, observing the rules of correct corporate governance. Its members have the same rights and duties; they are not bound by orders or instructions.

II. Composition

1. The Supervisory Board is composed in accordance with the relevant legal regulations. The periods of office of the members may vary.
2. As a group, the members should have the necessary knowledge, skills and professional experience to perform their tasks properly, as well as any other qualities that are required or demanded.
3. The employee representatives on the Supervisory Board and/or the shareholder representatives on the Supervisory Board shall in each case decide by way of a resolution on any objection to the joint fulfillment of gender quotas ("Gesamterfüllung", Section 96 (2) sentence 3 of the German Stock Corporation Act). A resolution requires a simple majority of votes cast by the employee representatives on the Supervisory Board/shareholder representatives on the Supervisory Board. The provisions of Section V shall apply accordingly to the adoption of a resolution. When applying these provisions, the Supervisory Board Chairman shall be represented by his deputy in the event that a resolution is adopted by the employee representatives on the Supervisory Board or, if the deputy is prevented from doing this, by a member of the Supervisory Board elected by the employee representatives on the Supervisory Board from among their circle by a simple majority of votes cast. If, in the event that a resolution is adopted by the shareholder representatives on the Supervisory Board, the Supervisory Board Chairman is prevented from taking part, he shall be represented by a member of the Supervisory Board elected by the shareholder representatives on the Supervisory Board from among their circle by a simple majority of votes cast.

The Objection must be declared to the Supervisory Board Chairman by the member that is presiding over the adoption of the resolution in each case. The declaration must be made in writing, by telephone, by fax or via electronic means of telecommunication and should reach the Supervisory Board Chairman sufficiently early to allow the objection to be taken into account in preparations for the Supervisory Board elections. If the Supervisory Board Chairman takes part in the adoption of the resolution on the objection, a separate declaration on the objection is not necessary.

The Supervisory Board Chairman must inform the members of the Supervisory Board of any objection immediately.

4. The Supervisory Board should not include any members who are on executive bodies of or act as advisers to major competitors of Rheinmetall Aktiengesellschaft and its Group companies or who are exposed to any other conflicts of interest.

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5. The members of the Supervisory Board shall ensure that they have sufficient time to fulfill their mandate. If they are simultaneously a member of a management board of a listed company, they must not hold any more than two further external supervisory board mandates at listed companies in addition to their Supervisory Board mandate at Rheinmetall Aktiengesellschaft.
6. The Supervisory Board should not include more than two former members of the Executive Board of Rheinmetall Aktiengesellschaft.
7. Members of the Executive Board must not become members of the Supervisory Board of the company within two years after the end of their appointment, unless they are elected on the recommendation of shareholders who hold more than 25% of the voting rights in the company. In the latter case, a switch to Supervisory Board Chairman shall be an exception that must be justified to the Annual General Meeting.
8. In nominations for elections, it must generally be ensured that candidates for a Supervisory Board mandate will have not yet reached the age of 75 in the event of their election.
9. Each member of the Supervisory Board may step down from office with one month's notice, including without cause, by making a written declaration to the Executive Board.

III. Chairman and deputy

1. The Supervisory Board shall elect a Chairman and a deputy from among its members. For the duration of the election, the Supervisory Board member who is oldest in age shall chair the meeting.
2. Elections shall in each case be for the entire time in office of the elected Supervisory Board member. If the Chairman or his deputy steps down before the end of his time in office, a successor shall immediately be elected for the remainder of his time in office.
3. The Supervisory Board Chairman – or his deputy if he is prevented from doing so – shall submit the declarations of intent of the Supervisory Board and conduct its correspondence.

IV. Convening, preparing and leading meetings

1. Meetings of the Supervisory Board shall take place at the company's headquarters or at another venue announced in the invitation. The Supervisory Board must meet twice in each six-month period.
2. Meetings are convened and held in accordance with the provisions of the German Stock Corporation Act. The provisions of Section 11 (1) and (2) of the Articles of Association shall apply to the formalities of the invitation and the agenda. The agenda and the documents relating to the agenda should reach Supervisory Board members two weeks, but generally at least seven days, before the meeting.
The agenda must be amended before the meeting if two Supervisory Board members request this immediately after receiving the agenda.
3. A constitutive meeting shall be held immediately after the Annual General Meeting at which shareholder representatives have been elected to the Supervisory Board. A special invitation is not required for the constitutive Supervisory Board meeting. If resolutions on the election of the Supervisory Board Chairman and his deputy and on the creation and composition of committees are to be passed at this meeting, the announcement of an agenda is not necessary.
4. The invitation to the Supervisory Board meeting must communicate the agenda sufficiently clearly, stating the subjects of the resolutions, to allow any Supervisory Board members who are absent from the meeting to exercise their right to vote in writing.

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5. Any items or motions that are not on the agenda or have not been duly communicated to Supervisory Board members may be permitted for adoption of resolutions only if no Supervisory Board member who is present at the meeting objects to this and if Supervisory Board members who are absent are given the opportunity to object to the adoption of the resolution retroactively within an appropriate deadline set by the Chairman; the resolution shall become effective only if the absent Supervisory Board members have not objected by the deadline.
6. The shareholder representatives and employee representatives shall prepare Supervisory Board meetings separately if necessary, with the involvement of all members or individual members of the Executive Board if desired.
7. The Supervisory Board Chairman – or his deputy if he is prevented from doing so, either permanently or temporarily – shall chair meetings of the Supervisory Board and determine the order in which items on the agenda are dealt with and the type of vote that will be held. If both the Supervisory Board Chairman and his deputy are prevented from doing this, the Supervisory Board can resolve in an emergency, with the votes of all members who are present, t the Supervisory Board member who is oldest in age shall chair the meeting.
8. The Executive Board shall participate in Supervisory Board meetings, unless the Supervisory Board resolves otherwise for a particular reason. The Supervisory Board Chairman, or his deputy if he is prevented from doing so, shall decide on the admission of additional persons. If a member of the Supervisory Board puts forward a motion to exclude a participant in a meeting who is not a Supervisory Board member from taking part in the meeting, the Supervisory Board shall decide on this.
9. If a member of the Supervisory Board has attended fewer than half of the Supervisory Board meetings in a fiscal year, this will be noted in the Supervisory Board's report to the Annual General Meeting, stating the reasons given. Participation via telephone or video conferences shall also be regarded as attendance.

V. Adoption of resolutions by the Supervisory Board

1. The Supervisory Board has a quorum if all members of the Supervisory Board have been invited using the last address that they provided and at least half of all members who make up the board take part in the adoption of the resolution. Supervisory Board members can also take part in Supervisory Board meetings via telephone or video conferencing, with the approval of the Chairman. Abstention from voting has no influence on the presence of a quorum.
2. Absent Supervisory Board members can take part in the adoption of resolutions by the Supervisory Board and its committees by sending written votes to the Supervisory Board Chairman before or during the vote (including by fax). This also applies to the second vote of the Supervisory Board Chairman.
3. The Supervisory Board Chairman, or his deputy if he is prevented from doing so, can bring about a resolution of the Supervisory Board by means of a vote conducted in writing or by telephone, fax, video conference or e-mail – or by a combination of these communication methods – if no member of the Supervisory Board objects to this procedure within an appropriate deadline determined by the Chairman.
4. Resolutions shall be adopted by a simple majority of votes cast, unless a different majority is required by law. Abstentions from voting shall not be counted when determining the result of the vote. If a vote results in a tie, the Supervisory Board Chairman shall have two votes in a further vote on the same item if it also results in a tie. This still applies if the Supervisory Board Chairman is prevented from attending the meeting and submits a written vote through another Supervisory Board member.
5. Each member of the Supervisory Board can request that his vote be recorded in the minutes.

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VI. Duty of confidentiality

1. In particular, members of the Supervisory Board have a duty to keep any confidential reports and confidential advice they receive secret. When their mandate ends, all confidential documents must be returned to the Supervisory Board Chairman.
2. Members of the Supervisory Board shall ensure that the employees they bring in comply with the duty of confidentiality in the same way.

VII. Conflicts of interest

1. Each member of the Supervisory Board has a duty to act in the company's interests. He may not pursue his personal interests when making decisions or exploit the company's business opportunities for himself or an institution in which he works.
2. Each member of the Supervisory Board shall disclose any conflicts of interest to the Supervisory Board, particularly those that could arise as a result of an advisory role or a position on an executive body at customers, suppliers, lenders or other business partners of Rheinmetall Aktiengesellschaft or its Group companies.
3. The Supervisory Board shall provide information in its report to the Annual General Meeting on any conflicts of interest that have arisen involving members of the Supervisory Board and how they have been dealt with.
4. If significant conflicts of interest that are not only temporary arise in connection with a member of the Supervisory Board, the Supervisory Board member concerned must step down from office.
5. Advisory and other service and work contracts that a Supervisory Board member has with Rheinmetall Aktiengesellschaft or a Group company require the approval of the Supervisory Board. The same applies to lending to Supervisory Board members or related natural or legal persons by Rheinmetall Aktiengesellschaft or a Group company.

VIII. Tasks and responsibilities of the Supervisory Board

1. The Supervisory Board advises and monitors the Executive Board in the management of Rheinmetall Aktiengesellschaft. The Supervisory Board must be included in decisions that are of fundamental importance in good time.
2. The Supervisory Board shall appoint and dismiss members of the Executive Board and, together with the Executive Board, shall ensure long-term succession planning. The Supervisory Board should also be mindful of diversity when it comes to the composition of the Executive Board.
3. Members of the Executive Board are generally appointed for an initial period of three years.
4. Reappointment before the end of one year before the end of the appointment period with simultaneous annulment of the current appointment shall take place only if there are special circumstances.
5. Members of the Executive Board who have already reached or exceeded the age of 64 shall be appointed only if there are special circumstances. In general, Executive Board members who are over 60 years of age should be appointed only for a maximum period of three years. The Supervisory Board can deviate from this in cases where this is justified.

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6. The measures and transactions that the Executive Board requires the approval of the Supervisory Board in order to carry out are stipulated in **Annex 1** of these rules of procedure. The Supervisory Board is entitled to amend and supplement Annex 1 at any time.
7. It is the joint task of the Executive Board and Supervisory Board to ensure the provision of adequate information to the Supervisory Board. The Executive Board shall inform the Supervisory Board regularly, promptly and comprehensively of all matters relating to planning, business performance, the risk situation, risk management and compliance that are relevant to the company. It shall discuss any deviations in business performance from the plans and targets drawn up, stating the reasons. The Executive Board's information and reporting obligations to the Supervisory Board are listed in **Annex 2** of these rules of procedure. The Supervisory Board is entitled to amend and supplement Annex 2 at any time.
8. Written reports by the Executive Board to the Supervisory Board shall be handed out to members of the Supervisory Board, unless the Supervisory Board decides otherwise in an individual case. Documents that require a decision to be made, particularly the annual financial statements, consolidated financial statements and audit report, shall be forwarded to members of the Supervisory Board as early as possible before the meeting.
9. The Supervisory Board can view the company's accounts and documents in the course of fulfilling its tasks, and in particular can check its inventories. It can also instruct individual members to do this, or specific experts for certain tasks.
10. The Supervisory Board Chairman shall maintain regular contact with the Executive Board, particularly the Chief Executive Officer, and shall discuss the company's strategy, business performance and risk management with him. The Chief Executive Officer has a duty to inform the Supervisory Board Chairman immediately of any extraordinary events that are of fundamental importance in assessing the situation and development and for the management of the company. The Supervisory Board Chairman or a proxy appointed by him shall then inform the Supervisory Board and shall convene an extraordinary meeting of the Supervisory Board if necessary.
11. The Supervisory Board shall regularly review the efficiency of its work and that of the committees.
12. The Supervisory Board is entitled to instruct external consultants to carry out an efficiency review.

IX. Committees

1. The Supervisory Board shall form a mediation committee pursuant to Section 27 (3) of the *Mitbestimmungsgesetz* (German Co-determination Act), a personnel committee, an audit committee, a nomination committee, a strategy committee and other technically qualified committees as required in line with the company's specific circumstances. The committees serve to increase the efficiency of the Supervisory Board's work and to deal with complex issues. The committees perform the tasks assigned to them in the name of and on behalf of the Supervisory Board as a whole, insofar as this is permitted by law.
2. The respective committee shall elect one member of the committee as the committee chairman and another member as his deputy, unless the law or the rules of procedure for the committee stipulate otherwise.
3. The chairman of the committee can consult members of the Supervisory Board who do not belong to the committee and individual members or all members of the Executive Board for advice as he sees fit.
4. The committee chairmen shall report regularly to the Supervisory Board on the work of the committees.

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5. Meetings of the committees shall be convened by the respective chairman, or by his deputy if he is prevented from doing this. Each member has the right to request that the chairman convene a committee meeting in writing, including by fax or e-mail, stating the reason. The period of notice given when convening a meeting should generally not be any less than three working days.
6. Committees shall have a quorum only if at least three members attend the meeting. Resolutions are adopted by committees with a simple majority, unless the law and the Articles of Association stipulate otherwise. The regulations in Section V. items 1 to 5 of these rules of procedure apply accordingly in all other respects.
7. Further details shall be stipulated in the rules of procedure for the respective committee, which the Supervisory Board shall issue for the committee.

X. Minutes

Minutes must be taken of the Supervisory Board's discussions and resolutions and must be signed by the Chairman and the minute-taker. A copy of the minutes should generally be provided to all members of the Supervisory Board and to the Executive Board within one month. The minutes must include at least the following:

- The place and date of the meeting
- A list of all those who participated in the adoption of resolutions
- The items on the agenda and subjects that were discussed, with reference to written submissions to the Supervisory Board if applicable
- The wording of the motions put forward
- The key content of discussions
- The resolutions of the Supervisory Board

Any objections or additions to the minutes must be communicated to the Supervisory Board Chairman immediately in writing, and no later than the start of the next Supervisory Board meeting.

If no objections or additions are received by the above deadline, the minutes shall be deemed to have been approved.

XI. Validity

These rules of procedure shall come into effect at the end of the Supervisory Board meeting on December 7, 2017. They shall remain in force until the Supervisory Board resolves otherwise.

Annex 1 **to the rules of procedure
for the Supervisory Board
of Rheinmetall Aktiengesellschaft**

Approval catalog

In accordance with VIII. section 6 of the rules of procedure

The Executive Board requires the approval of the Supervisory Board to undertake the following measures and transactions:

1. Acquisition or sale of investments in other companies of every type if they exceed EUR 25 million in value, unless the transaction in question is a transaction with an affiliate. For the purposes of this regulation, value is the respective purchase or sales price.
2. Conclusion, amendment and cancellation of profit transfer agreements.
3. Acquisition and sale, take on leases and leasing as well as encumbrance of real property and other real property rights if the property exceeds EUR 25 million in value; this excludes transactions with an affiliate, without any limitations in value.
4. Taking out bonds and long-term loans, particularly promissory note loans outside the ordinary course of business and with the exception of transactions with an affiliate.
5. Taking out bank and other loans outside the ordinary course of business and with the exception of transactions with an affiliate.
6. Sureties, guarantees, debt acknowledgments or similar liabilities outside the ordinary course of business and with the exception of transactions with an affiliate.
7. Advisory and other service and work contracts that a Supervisory Board member has with the company or a Group company.
8. The granting of loans from the company or a Group company to members of the Supervisory Board and their relatives pursuant to Section 115 of the German Stock Corporation Act (AktG).
9. Granting loans and other credits as well as drawing own bills of exchange or accepting drawn bills of exchange outside the ordinary course of business and with the exception of transactions with an affiliate.
10. Conclusion of foreign exchange and other forward transactions outside the ordinary course of business.
11. The annual investment planning for the Group and its financing.
12. Other transactions, the undertaking of which the Supervisory Board has made subject to its approval.
13. Other transactions that are of fundamental importance in terms of the amount of consideration or the company's equity base.

Annex 2 **to the rules of procedure
for the Supervisory Board
of Rheinmetall Aktiengesellschaft**

Catalog of information and reporting obligations

In accordance with VIII. section 7 of the rules of procedure

A. *The Executive Board must report to the Supervisory Board, generally in text form, on:*

1. Its intended business policies and other fundamental issues relating to business planning, particularly financial, investment and HR planning, while addressing deviations of actual developments from previously reported targets or approved plans and stating the reasons for this (at least once per year if changes in the situation or new issues do not call for immediate reporting).
2. The profitability of the company, particularly the return on equity (once per year upon submission of the annual financial statements).
3. The course of business, particularly sales, earnings and the position of the company (at least quarterly).
4. Transactions that may be of major importance in terms of the profitability, liquidity or risk structure of the company (if possible allowing sufficient time for the Supervisory Board to have the opportunity to comment before the transactions are undertaken).
5. The reports pursuant to sections 1 through 4 must also discuss consolidated companies (reporting frequency as per sections 1 through 4).

B. *The Executive Board must also inform the Supervisory Board Chairman regarding:*

1. The strategy of the company.
2. The business performance of the individual corporate sectors.
3. The development of the company's risk management.
4. Extraordinary events that are of fundamental importance in assessing the situation and development and for the management of the company.

In such cases the Supervisory Board Chairman shall ensure such information is shared with the Supervisory Board in an appropriate and timely manner.