



Rheinmetall AG

Corporate Governance Roadshow 2022

Ulrich Grillo

Chairman of the Supervisory Board

February 2022

PASSION FOR TECHNOLOGY.



Speaker Biography

Ulrich Grillo



- Business graduate
- Born in 1959, Nationality: German
- Chairman of the Supervisory Board since 10.5.2016
- Appointed up to 2025
- Chair in the Personnel-, Strategy-, Nominating-, Mediation-, Committee & member of Audit Committee
- Practiced profession: Chairman of the Board of Grillo-Werke AG
- Membership in Supervisory Boards of E.ON SE, Grillo Zinkoxid GmbH, Zinacor S.A.
- Former president of BDI (Federation of German Industries)

Executive summary

- Advised management in times of Covid-19
- Successful continuation of the strategic transformation process
 - The members of the Supervisory Board contribute with a high level of commitment, excellent qualifications and comprehensive experience to the transformation process
- Compensation policy successfully updated and implemented
- Sustainability now an integral part of the organization and the compensation policy
 - ESG compliance has become part of the compensation policy for senior and middle management
 - Creation of ESG Board
- Succession planning and board structures
 - Advanced diversity in Supervisory Board and Board of Management
 - Audit committee restructured addressing investor's expectation regarding independence
 - New female member with financial expertise brings strategic competencies from the defense sector

Agenda

1 Rheinmetall Corporate Overview

2 Supervisory Board

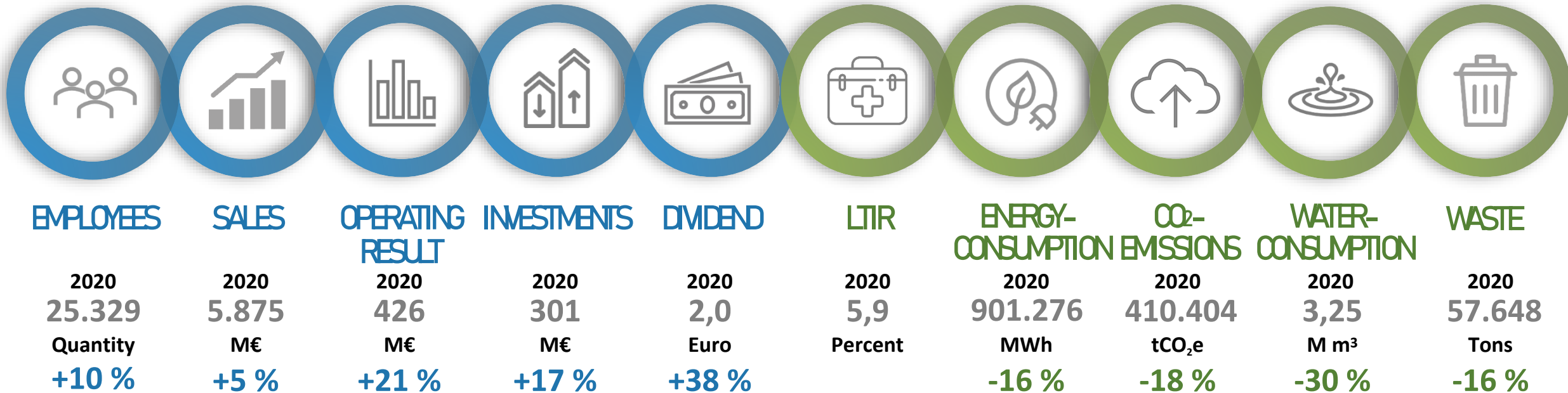
3 Sustainability

4 Remuneration

5 AGM 2022

6 Backup

Rheinmetall company overview



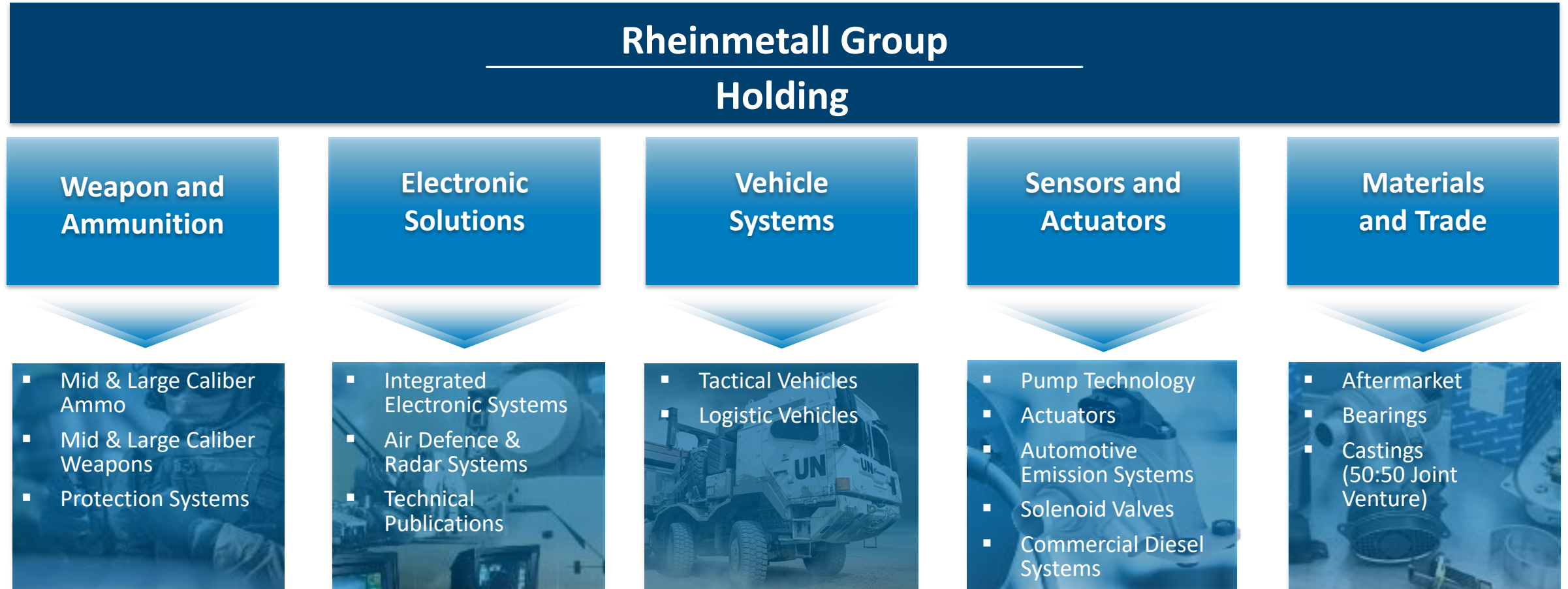
Percentages show the respective development compared to 2016

LTIR: Lost Time Injury Rate (accident frequency rate)

CO₂-Emissions: Scope 1 (incl. company cars) & Scope 2

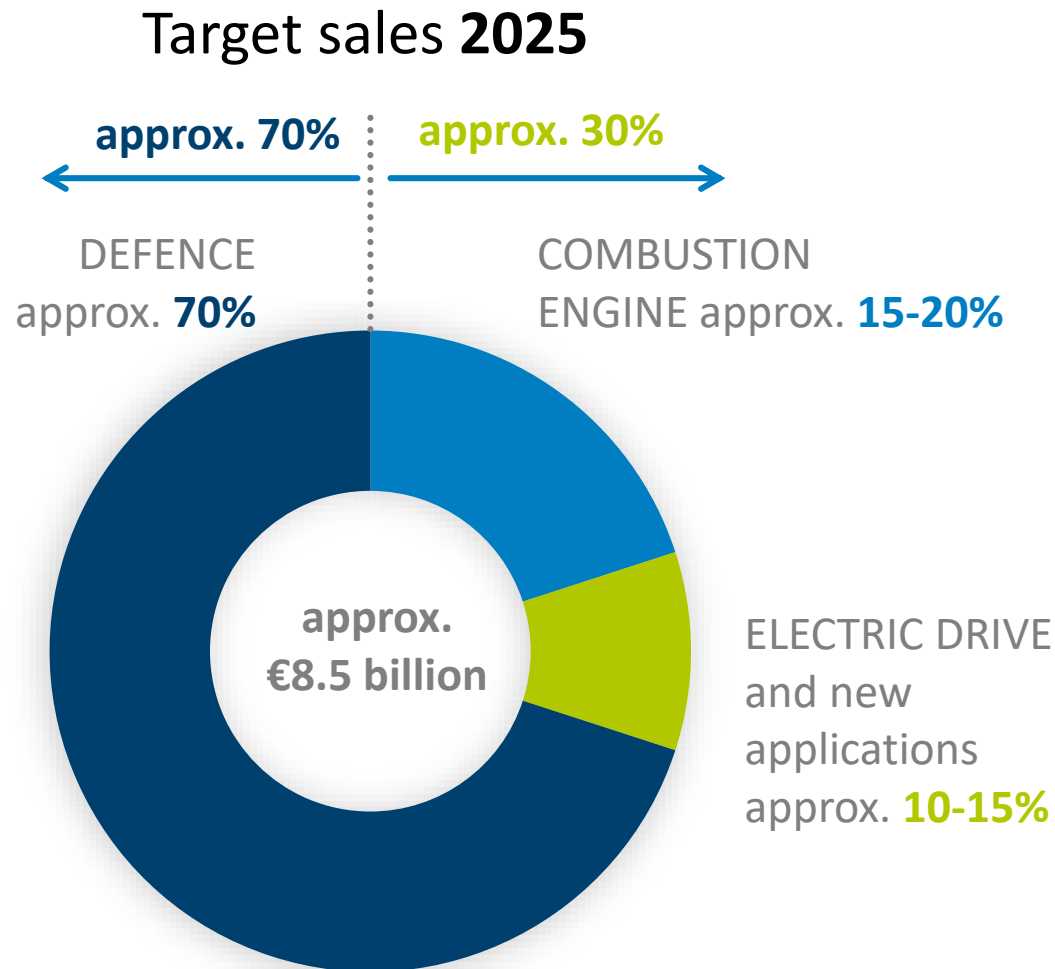
1. Rheinmetall corporate overview

The new Rheinmetall – Five divisions under one roof



1. Rheinmetall corporate overview

Strong focus on defence – combustion engine share declines below 20%



Financial Targets 2025



1. Rheinmetall corporate overview

Experienced management team to execute the strategy



Armin Papperger

Engineering graduate

Born in 1963

Nationality: German

CEO since 1 January 2013

Member since 1 January 2012

Appointed up to 31 December 2026

Employee of Rheinmetall since 1990

- Corporate Communications
- Compliance
- Corporate Social Responsibility
- Corporate Strategy and Development
- Legal
- Research, Technology and Innovation
- Security
- Internal Audit
- Real Estate
- Business Excellence



Helmut P. Merch

Business graduate

Born in 1956

Nationality: German

CFO since 1 January 2013

Member since 1 January 2013

Appointed up to 31 December 2022

Employee of Rheinmetall since 1982

- Accounting
- Controlling and Risk Management
- Treasury
- Tax
- Information Technology
- Purchasing Non-Production Material
- Insurance
- Offset Management



Peter Sebastian Krause

Lawyer

Born in 1960

Nationality: German

CHRO since 1 January 2017

Member since 1 January 2017

Appointed up to 31 December 2024

Employee of Rheinmetall since 1997

- Executives and Global Services
- Compensation and Benefits
- Labor Relations
- Management Development / Rheinmetall Academy
- Payroll
- Recruiting

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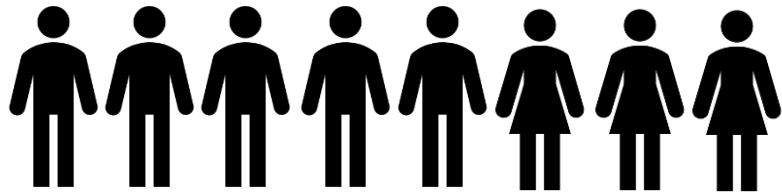
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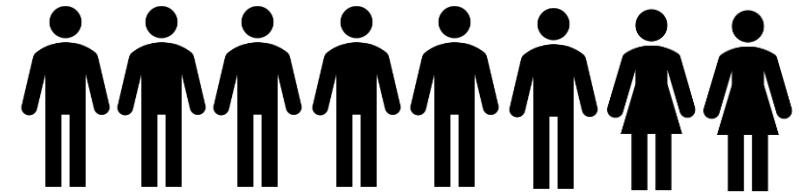
2. Supervisory board Future composition



8 Shareholder Representatives

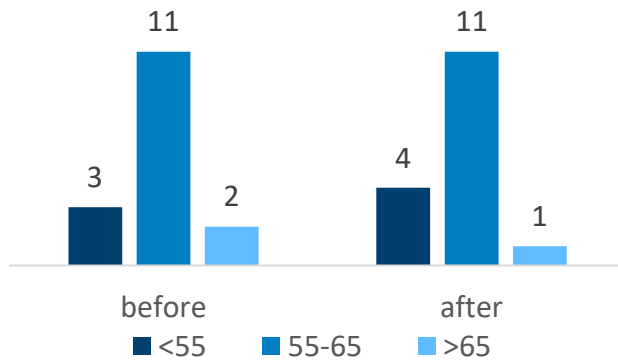
16 Board Members

100%
Independence

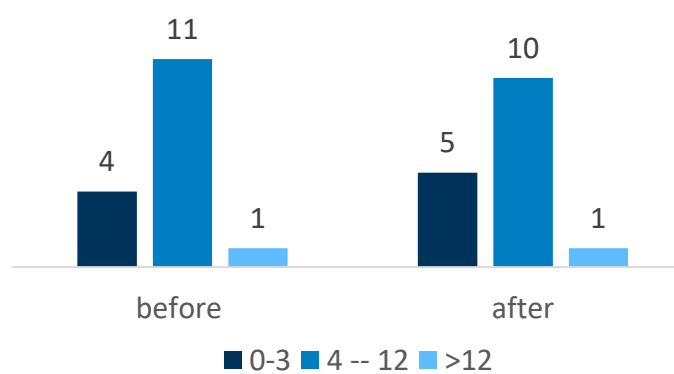


Employee Representatives **8**

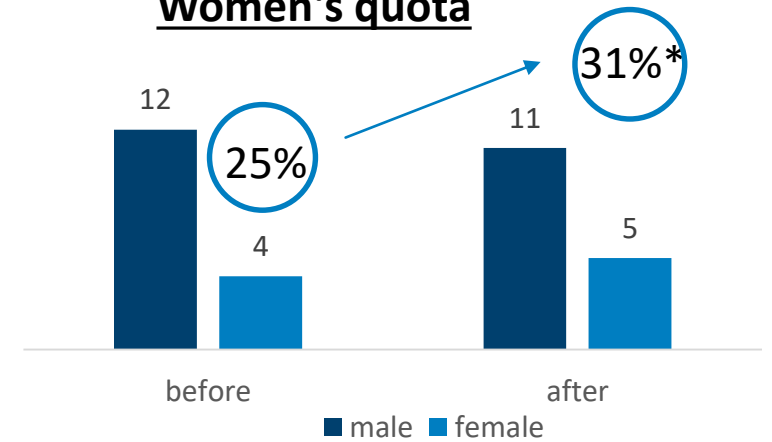
Age



Tenure



Women's quota



2. Supervisory board

Shareholder representatives

Ulrich
Grillo

Born 1959, German

Member since 2016

Committee member
1, 2, 3, 4, 5

Prof. Dr. Dr. h.c.
Sahin
Albayrak

Born 1958, German /
Turkish

Member since 2021

Committee member
1

Dr.-Ing. Dr.-Ing. E.h.
Klaus
Draeger

Born 1956, German

Member since 2017

Committee member
1

Prof. Dr.
Andreas
Georgi

Born 1957, German

Member since 2002

Committee member
2, 3, 5

Dr.
Britta
Giesen

Born 1966, German

Member since 2021

Committee member
1

Prof. Dr.
Susanne
Hannemann

Born 1964, German

Member since 2012

Committee member
2

Dr.
Franz Josef
Jung

Born 1949, German

Member since 2017

Committee member
4

Klaus-Günther
Vennemann

Born 1954, German

Member since 2016

Committee member
4

Committees

- 1 – Strategy
 - 2 – Audit
 - 3 – Personnel
 - 4 – Nomination
 - 5 – Mediation
- Chairs underlined

2. Supervisory board

Employee representatives

Dr.
Daniel Hay
Born 1979, German
Member since 2014
Committee member
1, 2, 3, 5

Ralf Bolm
Born 1964, German
Member since 2020
Committee member
2

Dr.
Michael Mielke
Born 1964, German
Member since 2010

Reinhard Müller
Born 1960, German
Member since 2017
Committee member
3, 5

Dagmar Muth
Born 1961, German
Member since 2015
Committee member
1

Barbara Resch
Born 1975, German
Member since 2020

Markus Schaubel
Born 1963, German
Member since 2014
Committee member
1

Sven Schmidt
Born 1975, German
Member since 2014
Committee member
1, 2

Committees
1 – Strategy
2 – Audit
3 – Personnel
4 – Nomination
5 – Mediation
Chairs underlined

2. Supervisory board

Focus on the transformation of Rheinmetall

Strategy

- ✓ New corporate structure
- ✓ Focus on defence

Sustainability

- ✓ New sustainability organization
- ✓ Definition of non-financial targets

Succession

- ✓ Renewal of the supervisory board
- ✓ Succession planning of the executive board

2. Supervisory board

Supervisory board with broad competence profile

Governance

- Corporate governance, experience from Supervisory Board work
- Executive board experience in listed companies
- Independence
- Availability, number of mandates

Structural / functional aspects

- Financial / business competency (audit committee / risk management)
- Functional competency (human resources, social, etc.) (Mediation / Nomination Committee)
- Sales and operating functions

Strategic expertise

- Expertise in the civil or the security industry
- Digitization / IT
- Technology
- International / regulated markets
- Industrial management experience
- ESG

2. Supervisory board

Supervisory board competence matrix

	Diversity				Functional aspects			Strategic competences						
	Gender	Year of birth	Nationality	Practiced profession	Financial expert	Functional aspects: HR, Social Affairs	Sales-side and operational functions	Defence	Automotive	Digitization	Technology/ Innovation	International/ regulated markets	Industrial management experience	ESG
Dipl.-Kfm. Ulrich Grillo	M	1959	German	Chairman of the Board of Grillo-Werke AG	X	X	X	X				X	X	X
Prof. Dr. Dr. h.c. Sahin Albayrak	M	1958	German/Turkish	Professor Technical University Berlin					X	X	X			
Dr.-Ing Dr. Ing. E.h. Klaus Draeger	M	1956	German	Former member of the Board of Management of BMW AG		X	X		X		X	X	X	
Prof. Dr. Andreas Georgi	M	1957	German	Executive Advisor	X	X	X	X				X	X	X
Dr. Britta Giesen	F	1966	German	Chairperson of the Executive Board of Pfeiffer Vacuum Technology AG			X				X	X	X	
Prof. Dr. Susanne Hannemann	F	1964	German	Professor Hochschule Bochum	X			X						X
Dr. Franz Josef Jung*	M	1949	German	Lawyer and Notary ret.		X		X				X		
Klaus-Günter Vennemann	M	1954	German	Consulting Engineer		X	X		X		X		X	
Eva Louise Helen Öfverström	F	1975	Swedish	Executive Advisor	X			X				X		

2. Supervisory board

Stringent nomination process of the candidate selection

Long list

- Identification of potential candidates based on composition objectives of the Supervisory Board

Short list

- Nomination Committee down selects candidates

Presentation to the Supervisory Board

- Supervisory Board proposes suitable candidates to AGM

Shareholder election

- Shareholder approval for proposed candidates

2. Supervisory board

Staggered terms to ensure continuity against the backdrop of shorter mandates



Ulrich Grillo

Prof. Dr. Dr. h.c.

Sahin Albayrak

Dr.-Ing. Dr.-Ing. E.h.

Klaus Dräger

Prof. Dr.

Andreas Georgi

Dr.

Britta Giesen

Prof. Dr.

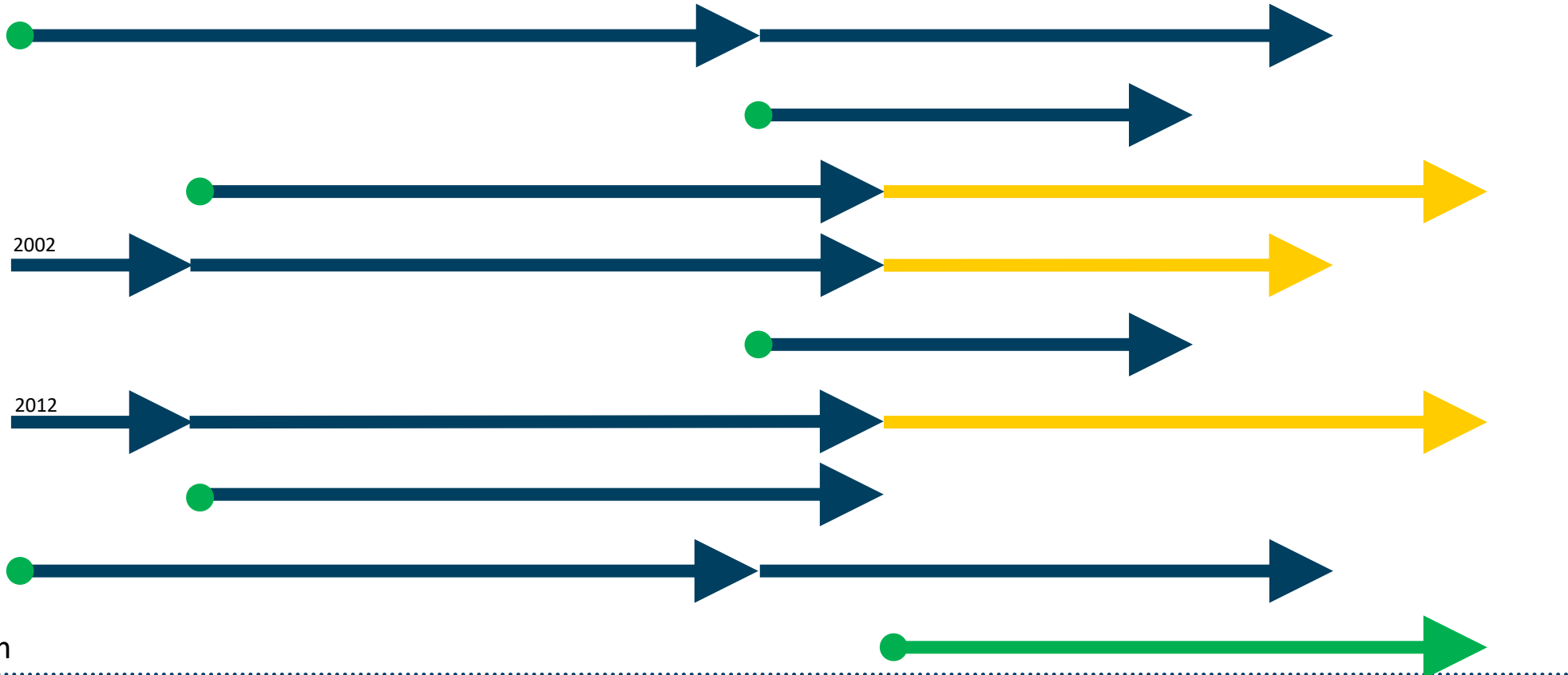
Susanne Hannemann

Dr.

Franz Josef Jung

Klaus-Günther Vennemann

Eva Louise Helen Öfverström



2. Supervisory board

Board renewal initiated – change of AC chair provides for committee independence

Member of the supervisory board	Tenure	Independence	New term	Current committees (<i>Bold = Chair</i>)	Future committees	Comment
Ulrich Grillo	2016 - 2025	Independent	-	<ul style="list-style-type: none"> Audit Personnel Mediation Strategy Nomination 	<ul style="list-style-type: none"> Audit Personnel Mediation ESG & Strategy Nomination 	
Prof. Dr. Dr. h.c. Sahin Albayrak	2021 - 2024	Independent	-	<ul style="list-style-type: none"> Strategy 	<ul style="list-style-type: none"> ESG & Strategy 	
Dr.-Ing. Dr. Ing. E. h. Klaus Draeger	2017 - 2022	Independent	• Yes	<ul style="list-style-type: none"> Strategy 	<ul style="list-style-type: none"> ESG & Strategy 	
Prof. Dr. Andreas Georgi	2002 - 2022	Independent*	• Yes, but limited to 3 years	<ul style="list-style-type: none"> Audit Personnel Mediation 	<ul style="list-style-type: none"> Nomination Personnel Mediation 	Switch from Audit to Nomination
Dr. Britta Giesen	2021 - 2024	Independent	-	<ul style="list-style-type: none"> Strategy 	<ul style="list-style-type: none"> ESG & Strategy 	ESG responsibility
Prof. Dr. Susanne Hannemann	2012 - 2022	Independent	• Yes	<ul style="list-style-type: none"> Audit 	<ul style="list-style-type: none"> Audit 	Takeover Audit chair
Dr. Franz Josef Jung	2017 - 2022	Independent	• No	<ul style="list-style-type: none"> Nomination 		
Klaus-Günter Vennemann	2016 – 2025	Independent	-	<ul style="list-style-type: none"> Nomination 	<ul style="list-style-type: none"> Nomination 	
Eva Louise Helen Öfverström		Independent	• 3 years	n.a.	<ul style="list-style-type: none"> <i>Audit</i> 	<i>New election</i>

Prof. Dr. Georgi is considered an efficient and experienced member of the Supervisory Board, his move from the Audit committee increases the independence level in the audit committee

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3. Sustainability

ESG is embedded in Rheinmetall's corporate strategy



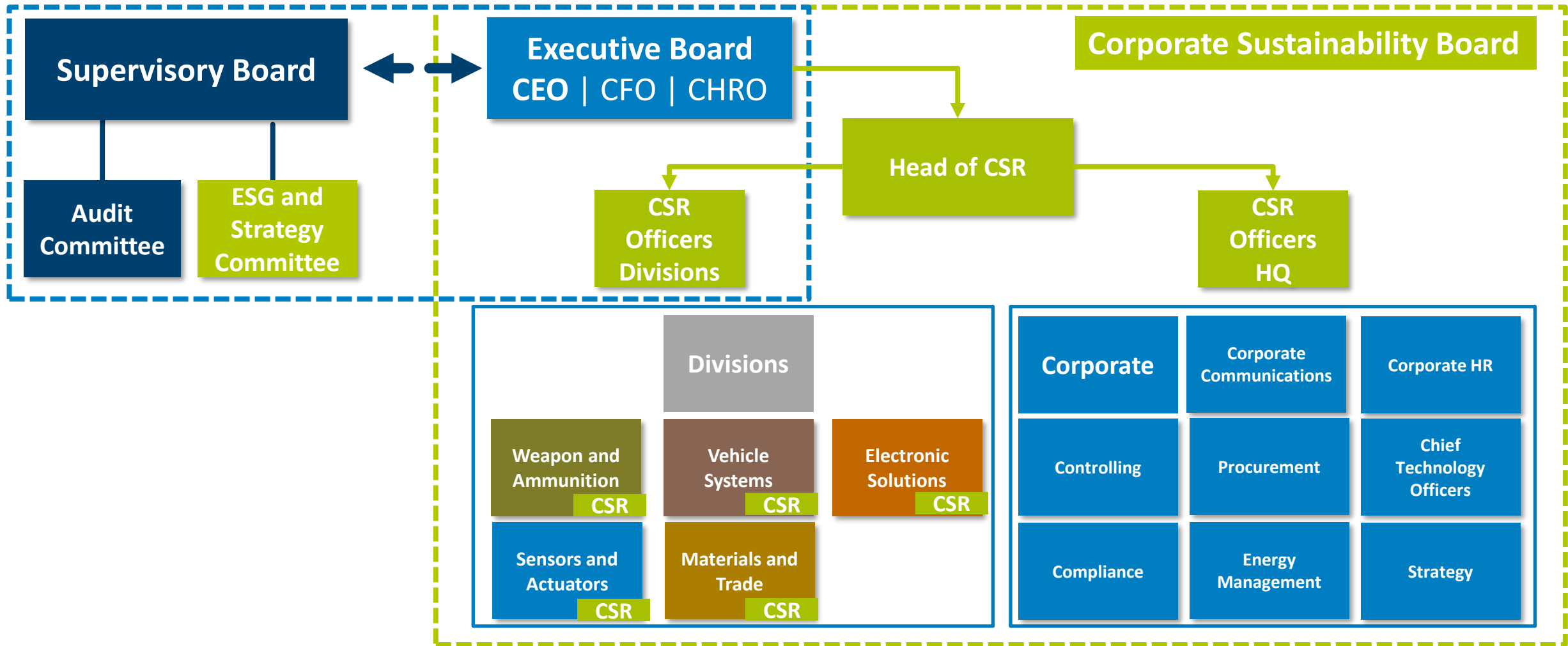
- Over next 2 years reduction of water consumption use by 10%
- Consistent energy management system established; energy saving goals and use of renewable sources
- 2020 with improved resource efficiency

- No controversial weapons
- Transparency in the supply chain
- „Employer of choice“
- Introduction of new KPI for employee safety in 2021

- Robust governance with strict compliance organization and zero-tolerance policy regarding unethical behavior
- Continuous improvement of transparency and ESG ratings
- Comprehensive export control and trade compliance organization

3. Sustainability

Extended sustainability organization underpins Rheinmetall's ESG strategy



3. Sustainability

Great strides recognized by improved ratings

Measures

- Carbon neutrality brought forward from 2040 to 2035
- Compensation policy update: ESG targets account for 20 % in long-term incentive
- Release of comprehensive ESG Reporting Factbook 2021
- Expansion of CSR risk analysis (e.g. human rights, environment, climate change, supply chain; > 100 indices in various categories, >200 countries)

Frameworks

- GRI**
- UN Global Compact**
Signatory April 2021
- CDP**
First participation Q3 2021 [Score “D”]
- SASB**
Reported December 2021
- SBTi**
Commitment “pathway to 1.5 °C” Q1 2022
- EU Taxonomy for sustainable activities**
To be reported in AR 2021
- 17 SDG**
Reporting scheduled for 2022
- TCFD**
Reporting scheduled for 2022

Ratings

- MSCI ESG**
AA only 22% of 36 companies score AA or better
- ISS ESG**
C only 15% of 65 companies in A&D score C or better
- S&P Global**
33 Industrial conglomerates; Industry average 29
- Sustainalytics ESG risk rating**
28.3 Peer group A&D Ø 37.9; Industry rank 10/94
- FTSE RUSSELL**
2.9 A&D industry average 2.4 (Scale of 0-5)
- VigeoEiris**
49 Automobiles; Sector rank 10/40
- EcoVadis**
58 Automobiles; Status “Silver”

3. Sustainability

Rheinmetall successful in markets for sustainable products



10 Jun 2021

Rheinmetall successfully develops key components for fuel cell systems

Sample orders for cathode shut-off valves

14 Jul 2021

Rheinmetall awarded important sample contracts for fuel cell systems

11 Jan 2022

Cooperation with PolyCharge America, Inc.

Electrification strategy: Rheinmetall sets up joint venture for e-mobility and green energy with US specialist

08 Sep 2021

Innovative thermal management for electric and hybrid drives

Rheinmetall wins order for electric coolant pumps

03 Sep 2021

Air purifiers for schools and kindergartens

Rheinmetall supplying devices to the City of Hamburg

09 Oct 2020

Fuel cell drive development project

Rheinmetall provides BMW with special hydrogen recirculation blower

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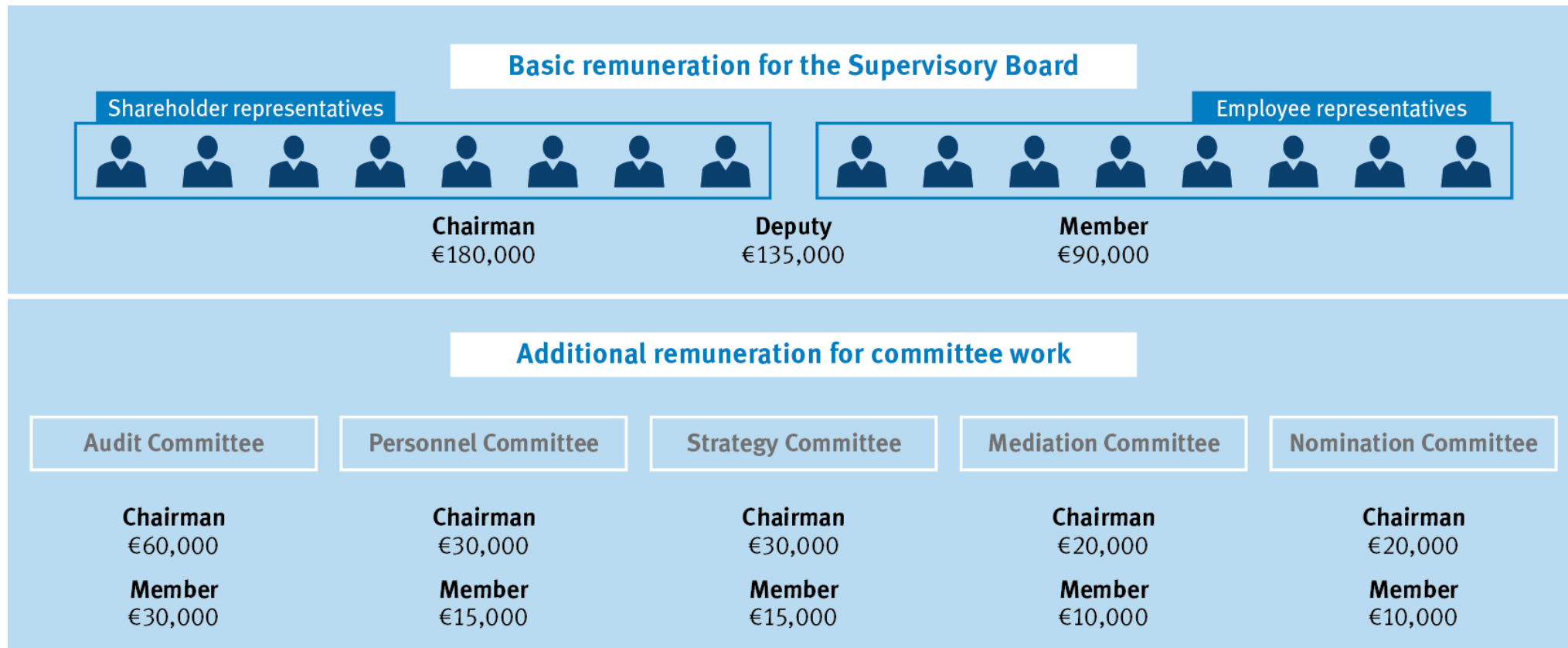
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4. Remuneration

Supervisory board remuneration



The attendance fee for Supervisory Board meetings is €1,000. When attending committee meetings that are not held on the same day as a Supervisory Board meeting, the attendance fee is €1,000.

4. Remuneration

Executive board remuneration process



4. Remuneration

AGM 2021 approved new management board compensation policy with 92.61%



4. Remuneration

Compensation report 2021 guiding principles and KPIs

We have taken investors' critical points into account when revising the remuneration system to support our long term business strategy, with an increase of transparency and simplification

Short Term Incentive:

- Earnings before taxes as the central key performance indicator (against budget)
- Operating Free Cashflow to focus on liquidity (against budget)
- Non-financial targets to consider important goals derived from our corporate strategy, Criteria catalogue for non-financial targets, e.g. health & safety measures

Long Term Incentive:

- High degree of pay for performance with challenging performance targets
- Future oriented Performance period and measurement of performance targets over four years to foster the long-term development
- Share price development used as multiplier to ensure shareholder alignment relative measure to restrict impact of general market trends and to measure real company performance
- Inclusion of quantifiable ESG targets to foster the sustainable development and to consider our impact on environment and society, goals derived from our corporate strategy, e.g. CO2 reduction

Transparent disclosure of target values, target achievements and concrete non financial & ESG targets per financial year in the remuneration report

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5. AGM 2022

Focus is on agenda topics 6 and 7

1

Presentation of the adopted annual financial statements, the approved consolidated financial statements, the management report of the Company, which is combined with the Group management report, and the report of the Supervisory Board, in each case for the fiscal year 2021

2

Resolution on the appropriation of net income for the fiscal year 2021

3

Resolution on the approval of the actions of the Executive Board for the fiscal year 2021

4

Resolution on the approval of the actions of the Supervisory Board for the fiscal year 2021

5

Resolution on the election of the auditor for the financial year 2022

6

Resolution on the approval of the compensation report for the financial year 2021 prepared and audited in accordance with section 162 of the German Stock Corporation Act (AktG)

7

Election of Supervisory Board members representing the shareholders

8

Resolution on the approval of the conclusion of four amendment agreements to existing intercompany agreements

5. AGM 2022

New AGM format of disciplined dialog to foster shareholder participation

Due to the ongoing corona pandemic, the AGM 2022 will again be held as a virtual event.

- Video and audio transmission of the entire meeting
- Questions submitted in advance of the AGM
- Pre publication of the CEO speech and the Chairman's letter
- We are planning to loosen up the existing format in the interest of our shareholders.
- Currently we are evaluating options and best practices to increase shareholder engagement but have not finalized this process yet

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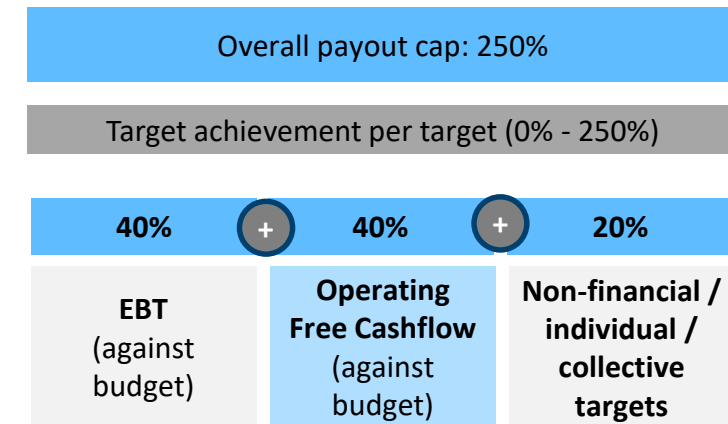
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6. Backup

AGM approved new management compensation policy 2022

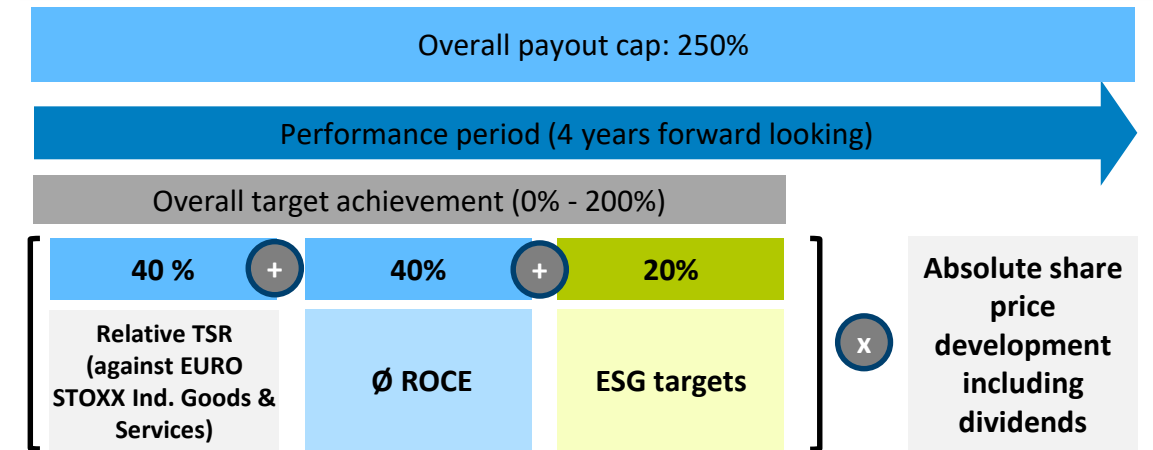
Short Term Incentive



Remuneration structure

30 - 41%	Long Term Incentive (LTI)
14 - 20%	Short Term Incentive (STI)
10 - 33%	Pension (service cost)
0 - 5%	Fringe benefits
22 - 30%	Base salary

Long Term Incentive



Malus & clawback clauses

Malus and clawback clauses in case of compliance violations and incorrect consolidated financial statements

Share Ownership Guidelines (SOG)

200% of annual gross base salary for the Chief Executive Officer and 100% for the Ordinary Board members

Maximum remuneration

Maximum remuneration including fringe benefits and pension

- Chief Executive Officer: 8,000,000 €
- Ordinary Board members: 4,000,000 €

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