



## Non-financial aspects of business activities

Our world is changing rapidly in every respect – technologically, economically, politically and culturally. We lead lives that are more global, more connected, more digital than ever before and are constantly faced with new challenges that have to be overcome. We have consistently demonstrated our responsibility toward our employees and products and toward the environment and society for over 130 years. Founded in 1889, our technology company – rooted regionally and globally positioned – with its companies is integrated into the general political, regulatory, economic, ecological and social conditions of various countries and geographical regions. The Rheinmetall Group's business model is described in detail under [»Basic information on the Rheinmetall Group](#).

We are committed to fair competition and to lawful business conduct that not only shows integrity but is also social and ethical. Sustainable management has always been an integral component of our business and production processes and helps to secure the long-term future of our company. In addition to continuity, economic growth and compliance with the fundamental principles of good corporate governance, the careful use of natural resources is part of our self-image – to the benefit of our shareholders, our employees, for our locations and for the society in which we have a fixed place as corporate citizen.

Globally, European and German understanding on key areas, topics and aspects in the Environment, Social and Governance (ESG) categories may not be equally assessed, weighted and prioritized. Even so, over the past few years – at the United Nation's behest and in line with the objectives of the European Union – many countries, including Germany, have expanded their requirements for companies to take responsibility for upholding recognized human rights, labor, social, environmental and anti-corruption standards, both within and outside the bounds of the company. This relates to the impact of business activities on sustainable development in the world encompassing the entire value-added chain. But customers, shareholders, investors, non-governmental organizations and – not least – the company's own employees are also interested in getting a full picture of the company, its global business activities and their impact on people, the climate, and the environment. Inquiries from all sections of society are thereby increasing, as are expectations for transparency, scope, level of detail, informative value and comparability of company data on the very complex issue of sustainability.

## Governance

This non-financial statement of the Group, which includes all continuing and discontinued business activities, was prepared in line with the requirements of Sections 315b, 315c in conjunction with Sections 289c to 289e HGB. Pursuant to section 315b(1) sentence 3 HGB, reference is made to the non-financial disclosures included in another part of the Group management report for more detailed information on individual aspects. We use the standards of the Global Reporting Initiative (GRI) as a reporting basis when preparing the non-financial statement. In this way we want to ensure transparency and comparability. The fiscal year is the reporting period for the non-financial statement of the Group, and there is an annual reporting cycle.

### Sustainability organization

At Rheinmetall the responsibility for sustainability lies with the Executive Board as a whole. The central area Corporate Social Responsibility reports directly to the Chief Executive Officer (CEO). In consultation with the responsible central department managed by the Head of Corporate Social Responsibility, the Executive Board sets the strategic framework for sustainability activities. In cooperation with the divisional and local sustainability officers and the Executive Board, the Corporate Social Responsibility department bundles and coordinates the respective ESG requirements. From this, it develops the sustainability strategy aligned to the Group strategy and derives the resulting fields of action, measures, targets and indicators.

In addition to the members of the Executive Board, the Corporate Sustainability Board includes the divisional heads, the Head of Corporate Social Responsibility, the heads of Controlling, Compliance, Strategy, Purchasing, Human Resources, Corporate Communications, the Head of Investor Relations and the two Chief Technology Officers. The Corporate Sustainability Board deals with current regulatory developments and trends in the ESG area, as well as with the challenges they pose for Rheinmetall. The members of the board help to ensure that the



interests of our stakeholders are given special consideration. At the two meetings in April 2023 and October 2023, the heads of the divisions presented the measures implemented and progress made in the area of ESG during the year and provided an outlook on the activities planned for 2024. Furthermore, since May 2023, the heads of the divisions have reported on current developments, planned activities in the environmental area and progress in the implementation of measures at the extended Executive Board meeting.

Sustainability also includes a material strategic component. As an interdisciplinary and cross-division topic, ESG is a fixed element of the activity of the Supervisory Board. For example, the members of the Supervisory Board deal with current ESG developments, their significance for the corporation and its stakeholders and the resulting current and future effects, risks and opportunities. The Audit Committee handles not only risk management, but also the scope and granularity of current and future regulatory requirements for sustainability reporting and their implementation, as well as the structures, processes and internal controls implemented in collecting the data required for reporting. The Strategy, Technology and ESG Committee deals with the strategic further development of sustainability and its enshrinement in the overall strategy of the company. It obtains information on the associated ESG fields of action, measures and initiatives, as well as on the progress made, and monitors the inclusion of sustainability aspects in the business model. The Supervisory Board's Personnel and Remuneration Committee deals with the implementation of ESG objectives in internal performance indicators and their consideration in remuneration systems. As part of the Executive Board's remuneration, it defines the ESG criteria, their target values and target achievement ranges on an annual basis and assesses the respective degree of achievement of the non-financial targets.

### Sustainability management

Ongoing further development aligned to the changing requirements of our time is the basis for sustainability activities at Rheinmetall. In cooperation with the ESG experts in the divisions, business units and national companies, the central CSR department works to continuously improve the Group's sustainability performance.

Various principles and international guidelines form the basis for our sustainability management:

- Corporate philosophy with vision and mission based on the values of respect, trust and openness;
- Code of Conduct for all employees with binding regulations which include topics such as human rights, anti-corruption, compliance, adherence to competition and anti-trust legislation;
- Principles of social responsibility (international framework agreement with reference to global standards such as those of the International Labour Organization – ILO);
- Position paper on transformation and internationalization in the Rheinmetall Group;
- Supplier Code of Conduct;
- Ten Principles of the United Nations Global Compact on human rights, working standards, environmental protection and anti-corruption;
- The United Nations' Sustainable Development Goals;
- Charta der Vielfalt e.V. – a corporate initiative to promote diversity in companies and institutions;
- Six minimum standards on human rights: no forced labor, no child labor, freedom of assembly, occupational safety, no discrimination and fair remuneration;
- Policy statement on the human rights strategy in accordance with Section 6(2) of the German Supply Chain Due Diligence Act.

Furthermore – alongside key performance indicators – non-financial aspects from the environmental and social areas are also included in target agreements with the members of the Executive Board. These define targets for variable remuneration components relevant to ESG, including areas such as energy efficiency, reduction of CO<sub>2</sub> emissions or health and safety at work. For senior and middle management, the achievement of environmental and social targets will now be taken into account at 20% in the short-term and long-term incentive from fiscal 2024.



## Reporting

In the context of its reporting on non-financial and sustainability-related performance, Rheinmetall aligns itself to the Global Reporting Initiative (GRI) standard, as mentioned above. From the 2024 fiscal year, reporting will be included in accordance with the Corporate Sustainability Reporting Directive (CSRD), which incorporates aspects of international frameworks such as the GRI, the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and the CDP.

In addition to the legal requirements, we publish the ESG Factbook reporting annually. On more than 130 pages, we provide information in the Performance, People, Planet and Governance categories on topics defined as material and present our economic, social and ecological performance over a period of three years. In addition, the Factbook includes the GRI Content Index. An additional index refers to the covered reporting requirements of the SASB in the sectors relevant to our business model.

In accordance with the UN Global Compact, a worldwide pact between the United Nations and companies for the social and ecological shaping of globalization, we published our annual progress report, the Communication on Progress (CoP), in June 2023. With this report we show transparently what progress the company has made in the area of corporate responsibility over a year.

We are continuously developing our indicator system in accordance with internationally recognized standards and frameworks on the basis of internal and external requirements so that, in addition to internal management, our external reporting can be aligned even more specifically to the demands and reporting requirements of groups such as investors and to make our sustainability performance – as well as the challenges and opportunities of long-term company development – more transparent.

## Materiality analysis

In view of the emerging new strong trends in the area of sustainability and the soon-to-be-introduced extensions and new requirements in sustainability reporting, we again carried out a materiality analysis in the 2022 fiscal year, involving both internal and external stakeholders. The result of the materiality analysis reflects the economic, environmental and social sustainability issues that are significant for our company. The focus of our reporting is on the topics classified as very material and material. For some other aspects, our voluntary reporting in this non-financial statement ensures that the justified interest and information needs of various stakeholders are taken into account by providing information on the Rheinmetall Group's approach.

## Results of the materiality analysis

<b>Very material</b>	<b>Material</b>	<b>Quite material</b>	<b>Immaterial</b>
Financial stability and profitable growth	Sustainable innovations and products	Sustainability and transparency in the supply chain	Corporate volunteering
Integrity and compliance	Adaptation to climate change	Diversity, inclusion and equal opportunities	Donations and sponsorship
Respect for human rights	Avoiding pollution	Water management	Social commitment
Attractiveness as an employer	Fair employment conditions	Circular economy	Dialog with social partners
Product safety	Employee retention and development	Waste management	Sustainable construction
Corporate safety	Occupational health and safety		Biodiversity
	Stakeholder relations		
	Corporate governance		
	Resource conservation		

Regarding the double materiality analysis to be carried out in 2024 as part of the CSRD with inside-out and outside-in considerations in accordance with the overarching European Sustainability Reporting Standards 1 and 2, we have refrained from updating the material ESG aspects identified in the previous year. Following a review of the



existing materiality analysis to ensure that it is up to date, it is still valid for the 2023 reporting year. In the past fiscal year, an initial double materiality analysis was carried out in accordance with CSRD, which will be updated in the coming year, taking into account the support documents provided by EFRAG and other factors, and will form the basis for our reporting in future.

### Integration of stakeholder groups

We want to live up to our social responsibility, take advantage of growth opportunities and successively anchor ecological and social aspects even more firmly in our business activities. The Group's focus on sustainability, which is particularly evident in the further development of our product portfolio, allows us to contribute to managing the transformation of the economy as well as mitigating – where possible – the consequences of climate change within the scope of our abilities. Sustainability management at Rheinmetall also takes account of the precautionary principle. Any possible adverse impact on humans and the environment as a result of the Group's business activities should be considered at an early stage and be excluded or reduced as far as possible. If we know the interests, positions, attitudes, opinions and concerns of our key stakeholders, we can focus our commercial decisions more effectively in line with their expectations. We have a very prominent presence in our markets and enjoy continual and lively dialogue with various stakeholders, which include customers and business partners, private shareholders and institutional investors, employees, suppliers, representatives of the media, representatives of the worlds of science and research, society, politicians and authorities as well as representatives from associations and organizations. This allows us to establish and develop important relationships as well as to receive inspiration and specific proposals at an early stage, also for our sustainability strategy and activities.

For the exchange with our customers, we use a wide range of formats, such as personal meetings and participation in international trade shows.

For Rheinmetall direct contact with capital market participants is extremely important. The Executive Board and Investor Relations team are engaged in continuous dialog with investors and analysts and participate in investor conferences and road shows in Europe and the US. In addition, there were numerous telephone calls with investors, analysts and private investors. Properly registered shareholders were able to put their questions on the topic of ESG to the Executive Board at the Annual General Meeting held virtually on May 9, 2023.

Satisfied and motivated employees are an important success factor for our company. Employee commitment and satisfaction have been measured at regular intervals since 2022. Employees can use a link or QR code to take part anonymously in the Group-wide online Pulse survey and share their opinions on topics that are important to the Group. In addition to emerging trends and changes, the need for action can also be quickly identified and, if necessary, targeted measures can be determined. The anonymous results of the survey are made available to employees and managers in the form of dashboards shortly after the survey is completed. A total of 14,848 employees took part in the last Pulse survey in November 2023 (previous year: 14,584).

More than ever the world is subject to dynamic change. Today responsible and effective representation of interests means that with their expert knowledge and publication of positions companies are involved on a constructive and transparent basis in discussions in society and in the political and economic arenas. They can use their expertise for developing general conditions and viable solutions which promote sustainable business and secure the good of today's and future generations. Our lobby work is determined by factual information and is characterized by integrity, fairness and transparency. Rheinmetall participates actively in various associations and organizations to represent its interests in a wide range of ways. Political exchange also takes place in the context of the normal industry and sector association activities. In addition, we have representative offices in Berlin and Koblenz. Furthermore, we have a commitment at European level in Brussels.



## ESG rating

Many of our customers in the civilian sector assess our sustainable management measures and results

Rheinmetall AG achieved 52 out of 100 points in the first EcoVadis rating – classified in the “Manufacturer of weapons and ammunition” sector – confirming a place among the top 50%. Furthermore, in a first step, the management companies of the divisions will successively undergo the rating process on the EcoVadis platform. EcoVadis analyzes the sustainability performance of companies in the areas of environment, labor and human rights, ethics and sustainable procurement.

In addition to customer ratings, internationally recognized ESG ratings and ESG rankings document our commitment to sustainability in the areas of the environment, social issues and corporate governance. These results are used as a decision-making tool, for example by institutional investors.

Rating	Score	Ranking	Industry/sector
MSCI ESG	AA		Industrial Conglomerates
ISS ESG	C		Aerospace & Defence
S&P Global	39		Industrial Conglomerates
Sustainalytics	26.7   Medium risk	13th place out of 101 rated companies	Aerospace and Defence
VigeoEiris	42   Sector average	19 rated companies	Aerospace Europe
Moody's	Neutral-to-low		Aerospace and Defence
London Stock Exchange Group (LSEG; formerly Refinitiv)	85	4th place out of 129 rated companies	Aerospace & Defence
esgbook	60.66	Sector percentile 83.54%	Aerospace & Defence
DVFA	72.51%	32nd place in the DAX	
EcoVadis	52	52nd percentile	Weapons and Ammunition

We provide information on relevant risks in the [»Risks and opportunities](#) section.

## Technology and innovation

Our corporate responsibility is apparent in our products. Innovative strength and technological competence are key measures of competitiveness in the rapidly changing world of business. Tradition and innovation – the Rheinmetall technology group can draw on more than 130 years of specialist knowledge, system expertise and industry experience in the civilian and military business sectors. Our consistent focus on technology is a prerequisite for not only picking up on the developments of our time, but also for actively helping to shape technological change and, as a result, achieving long-term business success in a diverse range of technologically demanding markets. Details are provided in the “Research and development” section. We provide information on relevant risks in the [»Risks and opportunities](#) section.

## Environmental protection and conservation

### Management approach

Business activities and, in particular, production processes are associated with the consumption of natural resources. From our perspective, environmental protection and conservation play a major role in ensuring we have a sustainable future that is worth living. The careful use of natural resources is part of how the Rheinmetall Group views itself. Using raw materials and energy economically and avoiding environmental damage in business and production processes are also among the key foundations on which the Group companies' business activities are based, as is dealing with residual materials and emissions responsibly. It is of key importance here that environmental protection – in keeping with a holistic approach – is considered an integral part of our management system in the Rheinmetall companies.

### Environmental management

We make every effort to further minimize our environmental impact with the best economically viable technology. The careful use of natural resources is supported through the use of modern technology and contemporary process



technologies, which help to reduce emissions and the use of water, among other things. Handling materials, energy, water and waste in a considered manner not only protects the environment, but also reduces costs at the same time. We continue to strive to use resources even more efficiently. Safe and modern facilities at certified production sites ensure resource-conserving and low-emission production processes as far as possible. Country-specific regulations and the requirements of international standards for quality (ISO 9001, IATF 16949 and AQAP 2110/2210), environmental protection (ISO 14001) and energy management systems (ISO 50001) are observed and processes are certified accordingly. Regular audits ensure transparency in terms of the status quo and provide objective confirmation of high quality standards.

### Energy management

We need a sufficient energy supply, which is associated with corresponding CO<sub>2</sub> emissions, to manufacture our products and operate our buildings and infrastructure. The reduction of energy-related payments is therefore a key component of corporate policy in the Rheinmetall Group. It is a material objective for us to reduce energy consumption and increase energy efficiency through stringent processes in day-to-day operations within the context of that which is technically feasible and economic circumstances. Our responsibility in dealing with energy resources requires the achievement and review of specific targets for energy savings and improvements in energy efficiency, where it is technically and organizationally feasible and where it makes economic sense, in addition to the systematic determination, analysis and measurement of the energy aspects of significance for our business models.

We select our energy resources based on supply reliability, economic efficiency and environmental considerations, and use a mix of non-renewable and renewable energies during our everyday business.

In July 2023, the newly established Strategic Energy Procurement department commenced its activities. Its aim is to develop the foundations for uniform, economical, safe and sustainable energy procurement within the Rheinmetall Group. By creating its own energy supply from renewable sources and procuring energy from solar and wind power plants, the new unit will make an important contribution towards the Group's carbon neutrality.

### Climate change

The great tasks of today include containing climate change as far as possible and achieving an alignment to its consequences and impact. As a company with a sense of responsibility and with a global value added chain, Rheinmetall attaches great significance to this global challenge. The core of the matter is avoidance, reduction, substitution and compensation of the CO<sub>2</sub> emissions produced by the Rheinmetall Group in Scopes 1, 2 and 3. Rheinmetall's Scope 1 and Scope 2 targets are based on the Paris Climate Agreement.

For the year under review, we prepared a carbon footprint in accordance with the internationally recognized Greenhouse Gas Protocol for the second time. It distinguishes between three categories of emissions. At our locations, direct emissions into the air (Scope 1) arise from the combustion of fossil energy sources, particularly natural gas. Indirect emissions (Scope 2) cover all emissions that are associated with purchased energy, such as electricity. Scope 3 emissions are indirect emissions that occur in the value-added chain. In the eight upstream and seven downstream categories, these relate to the procurement of goods and services, manufacturing of products, production processes, and transport and logistics.

#### Rheinmetall Group's carbon footprint

tCO <sub>2</sub> e	2023	2022
<b>Total emissions (location-based)</b>	<b>341,763</b>	<b>321,004</b>
Total emissions (market-based)	290,170	336,910
Scope 1   Direct greenhouse gas emissions	143,387	115,583
Scope 2   Indirect greenhouse gas emissions (location-based)	198,377	205,421
Scope 2   Indirect greenhouse gas emissions (market-based)	146,784	221,327
Scope 3   Indirect greenhouse gas emissions	8,821,480	-

When recording the values for the 2023 fiscal year, 109 subsidiaries were taken into account in accordance with the operational control approach. The change compared to the previous year (previous year: 115) is due to changes





in the composition of the Group. Around 90% of carbon emissions at the Rheinmetall Group can be attributed to the top 20 companies alone. CO<sub>2</sub>e for fiscal 2023 was calculated using the location-based and market-based method. Scope 1 emissions for 2023 have been calculated using emission factors from the Intergovernmental Panel on Climate Change database. Scope 2 (location-based) emissions were calculated using emission factors from the International Energy Agency. Scope 2 (market-based) emissions were calculated based on availability using emission factors from energy suppliers at the location level. When this data is not available, the databases of the Association of Issuing Bodies, the International Energy Agency and the United States Environmental Protection Agency have been used. The emissions for refrigerants were calculated using the global warming potential in accordance with the IPCC Fourth Assessment Report.

The data in these two tables were determined on the basis of internal processes. They come from existing management systems and are based on meter readings or invoice amounts (if available in each case) and assumption-based projections by the companies. The data are requested in the operating units, collected with care and processed. Nevertheless, errors cannot be entirely ruled out in the collection, processing or transmission.

In the reporting year, a review was carried out of the original intention to join the Science Based Targets Initiative (SBTi). After analyzing the data, evaluating the results and conclusions and taking into account our business model, the Executive Board decided not to join SBTi, but to adopt an approach based on the SBTi methodology in order to achieve our goal of no longer generating any climate-damaging carbon emissions by 2035 for Scope 1 and 2 net.

In the first phase we refer to our own emissions (Scope 1) and energy supplier emissions (Scope 2). To do this the company will invest primarily in improving the energy efficiency of its locations and production facilities and develop and expand internal power generation from renewable sources. To this end, new photovoltaic systems were installed at locations in Spain, South Africa and Australia in the past fiscal year. In the medium to long term the CO<sub>2</sub> emissions in Scope 3 are also to be reduced.

### Indirect greenhouse gas emissions - Scope 3

		2023	2022
Upstream emissions			
Purchased goods and services	t CO <sub>2</sub> e	2,214,736	-
Use of sold products	t CO <sub>2</sub> e	6,606,744	-
<b>Rheinmetall Group</b>	<b>t CO<sub>2</sub>e</b>	<b>8,821,480</b>	<b>-</b>

Calculations of Scope 3 emissions have been carried out for 15 categories since 2021. This data will be audited for the first time in 2023 by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch. The emissions attributable to the categories “Purchased goods and services” and “Use of products sold” accounted for over 90% of total Scope 3 emissions. Therefore, only these categories will be reported in 2023. The companies are accounted for using the operational control approach. All purchased goods and services in the fiscal year were assessed separately by product and supplier group using the corresponding exiobase (expenditure-based) emission factors.

Emissions in “Use of products sold” were calculated using the emission factors of the Department for Environment, Food & Rural Affairs and the Association of Issuing Bodies based on the German electricity mix. The lifetimes and operating times were assumed to depend on the end products. The share of emissions per Rheinmetall product was calculated as the relative share of emissions by weight of the intermediate product in relation to the total weight of the end product.

In addition to assessing the risk analysis reports from an insurance company on our Defence production facilities prepared using the NatCat data platform, on the basis of extensive and detailed data from an external risk data provider a total of around 130 production sites were examined and assessed in respect to various risk types (physical risks acute/chronic with nine and ten categories respectively; transitory risks with six categories, and socio-economic risks with two categories). The results will be taken into account in business continuity management, e.g. for the development of adequate and long-term protective measures as well as for preventive measures. In fiscal 2022, scenario analyses were also carried out for around 130 production sites under the



Representative Concentration Pathways (RCP) 2.6, 4.5, 6.0 and 8.5 parameters in accordance with the Intergovernmental Panel of Climate Change (IPCC) over the historical, 2045 and 2070 periods using data sets and data modeling. The results have particularly been incorporated into the risk assessments to be made according to the EU Taxonomy Regulation criteria “Do no significant harm.”

### CDP

The CDP is an independent, non-profit organization which states it maintains the world’s biggest database on the environmental impact of major corporations. The organization aims to establish the management of greenhouse gas emissions as a key economic success and risk factor in companies. Each year, on behalf of more than 500 institutional investors, the CDP collects information on corporate strategies to combat climate change and company-specific greenhouse emissions. In the Climate Change Questionnaire, alongside questions on the organization, targets, projects and programs, companies are surveyed in respect to information about risks and opportunities of climate changes and measures in the area of climate protection. Rheinmetall again took part in the CDP’s demanding sustainability rating in the year under review and improved its score from “D” to “B,” which is above the industry average (score C).

### TCFD

The four-pillar framework of the TCFD of the G20 Financial Stability Board helps companies both in integrating the opportunities and mitigating the risks of climate change into their business and in reporting on them consistently. Physical risks result from long-term changes of climatic and ecological conditions (e.g. increase in the sea level, temperature and change of climatic conditions) as well as through extreme individual weather events and their consequences. There are transition risks in connection with the move to a more economically sustainable economy with a lower carbon footprint, e.g. as a result of quickly implemented political measures on climate protection, due to technical progress or from changes in market sentiment and consumer preferences. In view of the mandatory CSRD reporting for our company from the 2024 fiscal year, which also covers the TCFD recommendations, we have decided not to include any additional voluntary reporting for the 2023 fiscal year.

### Waste management

In all our production processes, we strive to be efficient in our use of materials. We prevent, reduce or recycle waste or dispose of it in a safe and environmentally friendly way. We aim to keep disposal quantities to as low a level as possible. Production- and material-related recycling takes place individually based on the requirements of the specific site. This entails waste separation, secure disposal methods and economically viable recycling processes. Waste quantities and recycling methods are also impacted by production quantities and renovation work in buildings and on business premises. The Group-wide waste volume of 60,417 tonnes in the reporting year, compared to 54,039 tonnes in the previous year, is the result of our increased business volume.

#### Waste generation

t	2023	2022
Non-hazardous waste for disposal	5,561	3,925
Non-hazardous waste for recycling (excluding scrap)	15,552	11,267
Scrap for recycling	26,658	26,840
Hazardous waste for disposal	6,411	6,601
Hazardous waste for recycling	6,235	5,406
<b>Rheinmetall Group</b>	<b>60,417</b>	<b>54,039</b>

### Water management

Global water consumption has increased six-fold over the past one hundred years. Water is therefore becoming an increasingly scarce commodity. According to the UNESCO World Water Report, the consequences of climate change, population growth and rising consumption mean that more than five billion people will suffer from water shortages by 2050 if things continue as they are. Responsible use of water is an integral part of our commitment to sustainability.





The availability of water as a resource is highly dependent on regional and local geographical and socio-political conditions. According to an in-depth risk analysis carried out in the previous year and updated in the past fiscal year for around 130 production sites using data sets from a specialized service provider, locations in Spain, India, China, South Africa, Mexico and Italy are exposed to a higher risk in the area of water scarcity. The risk analysis also carried out in 2023 for some of our companies in Germany, Switzerland, South Africa, India and Japan in accordance with the Aqueduct Water Risk Atlas of the World Resource Institute (WRI) particularly reveals risks in the areas of seasonal water availability, groundwater shortages and drought risk.

The water consumption of the Rheinmetall locations was 4,112,269 m<sup>3</sup> in fiscal 2023 (previous year: 3,706,402 m<sup>3</sup>). Compared to the previous year, water purchases increased by around 11%. Influencing factors included a significant expansion in business activities, which resulted in higher water consumption.

#### Water use

m <sup>3</sup>	2023	2022
Fresh water	4,112,269	3,706,402

<sup>1</sup> On the basis of new input data for individual companies the overall figure for 2021 was restated.

#### Conservation – encouraging biodiversity

Our responsibility also includes preserving the diversity of natural habitats, especially for future generations. We are convinced that industrial use does not have to conflict with active conservation. On the contrary: For over a hundred years Rheinmetall has tested some of its military products on heathland near Unterlüss, not far from Celle, in Lower Saxony. A far-reaching prohibition order for the public, no traditional agricultural use and the size of the sprawling areas make this company-owned, 55-square-kilometer site, which encompasses 3,400 hectares of forest and 800 hectares of heathland, in an otherwise relatively densely populated Germany a rather special nature reserve. Active landscaping and forestry management creates individual habitats for the unique fauna and flora. The result is an unusually rich array of flora, which in turn attracts a rare diversity of insects and birds and also provides a habitat for large wild animal populations.

For biodiversity and climate protection, peatlands are very important. In September 2021, the Federal Ministry for the Environment published a National Peatland Strategy which includes voluntary rewetting measures. Wetlands and peatlands serve as the habitat for highly specialized animal and plant species whose alignment to the environment have made them rare and endangered. With their water absorption capacity, the moorlands fulfill important functions in regulating temperature and moisture. In fiscal 2022, a project analysis was carried out by an engineering firm on the company's premises in Unterlüss to determine the basics, survey and sound the Kiehnmoor and determine the current water balance and peat thickness of the peatland. Based on this, the necessary measures were determined and a concept for possible rewetting was developed. An area of moorland in the immediate vicinity of the Kiehnmoor is also to be rewetted. In the year under review, exploratory talks were held with the owner of the Lower Saxony State Forests on possible cooperation with the aim of exploiting synergies, determining the advantages of simultaneous implementation and planning the involvement of affected neighbors.

Other locations of Weapon and Ammunition in Germany and Switzerland also have extensive grounds with forests and green spaces. They therefore offer ideal conditions for continuous ecological upgrading and nature-oriented design. Following mapping and initial assessments, comprehensive concepts and action plans for the ecological optimization of the company premises were developed by specialist companies in the year under review. It is planned to successively and purposefully develop the ecological potential of the sites in terms of the flora and fauna over the next few years through ecological enhancement measures for wetland habitats, forest habitats, open land areas and by creating optimal networking opportunities for these diverse habitats. The implementation of the measures will be professionally monitored by external institutions, and the success of the measures will be documented and subjected to an independent performance review.

Our South African subsidiary Rheinmetall Denel Munition is also engaged in protecting nature and species at risk of extinction at three of its four production sites. Similar to in Unterlüss, large, demarcated safety areas far from



residential areas enable rare animals to expand their habitats unimpeded. We develop partnerships locally to preserve these conservation areas along with their great biodiversity and rare species.

We provide information on relevant risks in the »[Risks and opportunities](#) section.

## Employees

### Management approach

Rheinmetall's success depends to a great extent on the ideas, expertise, motivation and commitment of its employees. The Rheinmetall Group is faced with increasingly tough competition from other companies to gain qualified personnel. Acquiring skilled employees for the companies is therefore a key task in our HR work. In addition to performance-based remuneration and progressive benefits, we attach particular importance to having a wide spectrum of career opportunities on offer in the Rheinmetall Group companies. Further training, assuming responsibility and promotion opportunities have a high degree of relevance for the commitment and satisfaction of our employees. We offer interdisciplinary career paths, deployment opportunities to international locations, and tailored training opportunities for individual professional and personal development. A customer-focused corporate culture, based on the values of respect, trust and openness and in which the performance and commitment of each individual is appreciated, is a key requirement for being attractive as an employer.

### Developments on the labor markets

The growing shortage of skilled personnel across all occupational groups and industries is slowing innovation, competitiveness and growth of companies. In times of weak birth cohorts, far-reaching and broad transformation of economic structures, globalization of markets and changes in the way age cohorts see themselves at work, competition for management, skilled and junior staff and experienced specialists will intensify further. Finding and retaining enough qualified and suitable employees will be one of the particular challenges of the coming years.

In addition to our intensive activities in apprenticeship marketing, our existing marketing measures have been further strengthened at selected universities in the fields of engineering, electrical engineering and information technology. Personnel marketing measures have also been expanded to include additional communication channels. With a view to our key target groups of engineers, IT professionals and skilled workers, we drew attention to our company as an attractive employer by placing HR image ads in trade and quality media (digital and print). Throughout Germany, we were also increasingly represented at HR, recruiting, and trade shows aimed at the professional groups of engineers, IT professionals and soldiers. Our presence on key job portals, professional social networks, and employer review platforms has also increased.



### Recruiting and employer branding

In an environment characterized by dynamic development, growing requirements and increasing complexity of technology, products and processes, experienced managers, qualified specialist personnel and ambitious junior staff make a big contribution to achieving the company's goals with their knowledge, skills, experience and motivation. In addition to traditional and modern means of recruitment, Rheinmetall also relies on its own training and development of junior employees and is also in close contact with universities, colleges and research institutes. This helps us to get to know suitable science, technology and business graduates at an early stage.

The new, mobile-optimized careers website offers extensive information and insights into the Rheinmetall Group as an employer. The user-friendly "Careers worldwide" section presents career information from 20 countries in Europe, North and South America, Africa, Asia and Australia. Potential applicants can also read brief descriptions of the different companies and the opportunity to view existing job advertisements quickly and easily. In 2023, our global careers website was visited around 5 million times, of which around 3.7 million were content pages and around 1.3 million were job advertisements (previous year: content pages 620,000 times).

The central Recruiting, Employer Branding and Diversity department is responsible for the internal and external recruiting of managers and employees (with the exception of contract workers) at Rheinmetall's 40 sites throughout Germany and is responsible for end-to-end applicant management. Around 107,736 applications were registered on our TalentLink online platform in 2021 (previous year: 73,250). In 2023, 4,185 positions (previous year: 3,189) were vacant at the German Rheinmetall companies. 2,450 positions were filled by the end of 2023. In the past fiscal year, we recorded a total of 5,332 people joining and 4,058 people leaving the Rheinmetall Group (previous year: 4,946 and 2,853 respectively).

As they did in previous years, various institutes once again assessed the corporate image of German companies in 2023. Rheinmetall was again selected as one of the 100 most attractive employers. In the trendence employer ranking, Rheinmetall was ranked 56th overall among engineering graduates. In the mechanical and plant engineering sector, Rheinmetall achieved 13th place and 4th place in the defence sector.

In the Universum ranking (Germany Top 100 Ideal Employers) in the category of young engineering professionals, we ranked in 13th place in the year under review, after reaching 22nd place in the 2022 fiscal year. Rheinmetall was ranked 20th among engineering students. Rheinmetall was ranked 48th among IT students, an improvement of 41 places compared to the previous year. This highlights the positive perception of activities in business areas such as cyber security, software development and artificial intelligence. In natural sciences, we ranked among the top 100 employers in Germany, coming 49th (previous year: 96th).

### Training and professionalization

Training in the Rheinmetall Group – Rheinmetall remains heavily committed, including with respect to social responsibility, to providing sound, multifaceted and practical business training to young people in technical, commercial and IT occupations, including the opportunity to complete a dual course of study with a technical or commercial focus. In 2023, 770 trainees (previous year: 766) in Rheinmetall companies in Germany and abroad received vocational training, 415 of whom were based in Germany (previous year: 412). Within the wide array of 39 training courses for skilled occupations and dual courses of study on offer, industrial mechanic, machining mechanic, mechatronics engineer, qualified IT specialist for application development and industrial business manager represented the most popular professions for trainees in Germany.

In the year under review, 81% of the trainees in the Rheinmetall Group received training for industrial and technical occupations, and 19% received training for commercial occupations. The apprenticeship ratio was 3.2% of the workforce for the German locations (previous year: 3.3%) and 2.9% for the Rheinmetall Group as a whole (previous year: 3.1%). The proportion of female trainees in the Rheinmetall Group was 14% (previous year: 12%), while the proportion in Germany reached 18% (previous year: 17%). In 2023, 162 people in the Rheinmetall Group (previous year: 289) and 123 people (previous year: 171) at the Rheinmetall companies in Germany started their training, while 168 trainees (previous year: 153) took up temporary or permanent employment after successfully completing their training.

Further training for employees – Further training, assuming responsibility and promotion opportunities have a high degree of relevance for the commitment and satisfaction of our employees. To ensure the planned growth and



future viability of the Rheinmetall Group, in consideration of additional demographic factors and the shortage of specialist staff that is expected in many places, the development of employees, talented management trainees and experienced specialist and managerial staff in line with current and future requirements constitutes a key factor for the company's success. Thus strategic personnel planning is aligned to securing and continuously raising the high skill levels to ensure that the Group companies can achieve their business goals.

Annual appraisal interviews between management and employees are deployed to talk about performance, targets and individual development options. A range of training opportunities are in place to support Rheinmetall employees with planning their own development, achieving individual learning objectives and expanding their skills to meet the requirements of their current positions or to obtain new positions. Personnel development and training activities are offered on the basis of regular needs assessments. Various sources are used for needs assessment. These include not only the results of the potential assessment and personnel development appraisals, which are conducted in accordance with the collective agreement on training, but also Group-wide successor planning, the target-setting process and capacity and investment planning. Further training objectives are also derived from strategic objectives, such as the increased internationalization of the Group and the transformation of the previous automotive supply business.

Rheinmetall offers suitable talented people who have chosen one of the expert, project and management career paths individually tailored programs that promote the development of (junior) managers. In this way, top performers and employees with potential at the various career levels are successively prepared to take on positions in a management or expert function. The training programs are based on the Rheinmetall competency model, which maps the four levels of "Shape the future, Empower People, Develop the Business and Strive for Excellence."

Employees are offered a wide range of training opportunities to plan their personal development, achieve individual learning goals and expand their skills for their current or future positions. The provision of personnel development and qualification measures is based on regular needs assessments.

The Rheinmetall Academy in Düsseldorf is the center for exchange and further training. It offers not only classroom training, but also blended learning and remote training. It forms the framework for personnel and management development and offers Group-wide training programs in the form of training courses, seminars and workshops for employees and managers. In addition to seminars and events with external trainers, in-house training and qualification measures are designed and carried out here that are specifically tailored to Rheinmetall's needs.

In the year under review, 3391 employees (2626 men, 765 women) attended 273 (previous year: 199) one-day or multi-day events at the Rheinmetall Academy, compared with 2,438 (1,883 men, 555 women) in the previous year. The proportion of female participants was around 23%, as in the previous year. Sixty-four percent of participants completed an online training course, and around 36% completed a face-to-face seminar.

### **Modern remuneration systems**

Attractive, transparent remuneration is a key aspect in recruiting and retaining dedicated staff at the company. Rheinmetall offers attractive contractual terms. These are based on the scope of tasks, responsibility and performance and are linked to market rates. In addition to fixed remuneration components, further salary components are paid.

Remuneration for managers and non-tariff B employees includes variable salary components. An individual variable portion of income is paid depending on the achievement of defined targets and the Group's economic performance. Depending on the extent to which targets are achieved and the performance, this amounts to between 0% and 200% of variable target income. The fact that these income components are based on targets provides incentives for employees to act independently and to take on challenges.

Executives receive a long-term incentive (LTI) in addition to the short-term component. This is geared towards long-term corporate success and for 2023 includes payment of 40% of the long-term incentive amount in Rheinmetall shares, which are subject to a four-year lock-up period. The number of shares granted is based on a reference share price, which corresponds to the average price on the last five trading days in February of the subsequent fiscal year. A total of 60% of the long-term incentive amount is paid in cash and is also used for the immediate



payment of tax on Rheinmetall shares. To bring the interests and targets of management and stakeholders into alignment, non-financial targets have been taken into account in Executive Board remuneration.

The company's success is also reflected for employees in Germany covered by collective wage agreements in two ways: firstly, an additional bonus is paid to employees covered by collective wage agreements depending on the consolidated operating profit. Secondly, an employer-financed, performance-related supplementary pension is paid into the company pension scheme, which leads to improved security in old age.

The prestigious German company pension award, which was presented for the tenth time in 2023, is regarded by experts as the most important award for company pension schemes. The award recognizes companies that develop particularly forward-looking occupational pension concepts. In April 2023, Rheinmetall impressed the jury with "Rheinmetall Plus 2.0," a modern, high-performance and flexible occupational pension plan for all employees, for which it was awarded second place in the "Large companies" category.

### Employee subscription to Rheinmetall shares

In the year under review, Rheinmetall AG again launched a share-based employee participation program in 32 German (previous year: 29) and eight Group companies in Austria and Switzerland, which provides for an individual monthly savings plan in a basic or extended version. The 30% employer allowance, which amounted to €3.7 million (previous year: €3 million), enables employees to acquire shares at attractive conditions subject to a two-year holding period and participate as part-owners in the business success of their company.

#### Employee share programme

	2023	2022
Shares acquired	47,818	66,905
Participating companies	40	37
Eligible employees	15,582	14,646
Participating employees	4,040	3,968
Participation rate	26	27

### Diversity

In times of accelerating change in technology, business and society, ensuring equal opportunities and promoting diversity is an important task for HR at Rheinmetall. For us diversity is a key value, and in times of transformation a major factor for innovation and steady growth. We value all people regardless of gender, age, sexual identity, educational background, state of health, ethical or social background, skin color, religion, culture, ideology or other personal characteristics. For us it is important to create a secure and integrative working environment, one marked by respect, in which each person is equal, treated fairly and can maximize his or her potential.

The corporate philosophy, the Code of Conduct, the principles of social responsibility and the Diversity Policy establish the framework for promoting diversity and equal opportunity as well as acting against discrimination. By signing the Diversity Charter, we are underlining this stance and making it clear to the public as well.

The following key topics have been defined within the Rheinmetall diversity strategy, which are addressed in our internal and external activities as well as in our communications:

- Generations (in particular cross-generational cooperation)
- Gender (in particular the promotion of women)
- Internationality (in particular intercultural cooperation)



With locations on six continents, 30,483 employees in 28 countries and 75 nationalities represented at Rheinmetall in Germany, internationality and diversity have long been part of everyday life in the Rheinmetall Group and are key factors for intercultural competence. At the end of fiscal 2023, 881 employees at our German companies were foreign nationals (previous year: 858).

We attach importance to the fact that this internationality is evident not only in the workforce but also at management level. Where possible, local talent is used when filling management positions outside Germany. We encourage our workforce to network within the company and to move to another unit or site. In the year under review, 69 German employees (previous year: 61) used the ex-pat program, strengthening international cooperation and supporting the willingness of employees in other countries to make an internal move. Another example of how we promote mobility in the Group is the "Job Matchpoint" platform, in which Talent Acquisition Consultants from the Recruiting Center provide advice on searching for new professional perspectives within the Rheinmetall Group to employees, trainees and apprentices or those on a dual course of study when they come toward the end of their training period.

Around 21% of employees were female in the year under review (previous year: 21%).

#### Female employees by segments

	2023	2022
Vehicle Systems	1,102	964
Weapon and Ammunition	1,729	1,145
Electronic Solutions	898	820
Sensors and Actuators	1,272	1,308
Materials and Trade	553	507
Rheinmetall AG and services companies	296	246
<b>Rheinmetall Group (continuing operations)</b>	<b>5,850</b>	<b>4,990</b>
Discontinued operations (Pistons)	666	724
<b>Rheinmetall Group (continuing and discontinued operations)</b>	<b>6,516</b>	<b>5,714</b>

Total workforce | on the reporting date

The percentage of women occupying management positions in our technology group remains lower than in other industries or branches of industry. Generally, the security and defence as well as automotive sectors are preferred by men, who predominantly tend to choose technical or scientific subjects for study and professional training. In the year under review, the proportion of female applicants is naturally relatively low at 16%.

Despite the difficult initial situation, which is inherent to the industry, the goals which have been pursued for several years now in the area of diversity, which include recruiting more women to work at Rheinmetall, supporting female talents more strongly and increasing the overall number of women at all levels, are being advanced by a mix of strategic and operating measures.

Together with Diversity, Recruiting and Employer Branding, the Human Resources department at the Rheinmetall Group develops systematic recruitment approaches, training concepts and personnel development measures designed to ensure a fair share of women in management, and through which it also prepares itself for future management tasks. Gradually increasing the share of woman among the high potentials will result in increasing the proportion of women in management positions, without specifying a fixed ratio for the share of women. Female young potentials are encouraged in a targeted fashion, and are supported in setting ambitious professional objectives and to continue pursuing them across any family phases. Here Rheinmetall is accommodating with family-friendly work conditions. In the past fiscal year, the share of women in the national and international Young Manager Program was 24% and 33% respectively, and 19% and 29% in the two Manager Leadership Programs.

The international community of female employees at Rheinmetall is organized under the women@Rheinmetall network. The platform offers its over 730 members from more than 19 countries a forum for transferring knowledge, exchanging experience and providing advice and support in professional matters, including through training and virtual Talk & Learn events. The Talk & Thrive mentoring program, which has been running since 2022, also brings together experienced female colleagues as mentors and interested mentees. In December 2023, participants from





all over the world experienced a varied program at the open “Taking responsibility in a changing world” event, which focused on business activities in the area of defence and security and included technological innovations as well as outlooks on the transformation of the Rheinmetall Group.

Management functions across the Rheinmetall Group are classified on a hierarchical basis into eight management levels which correlate to the five management clusters. Determining factors for classifying a job to a management cluster include the level of operating, professional and management responsibility. In the year under review, 424 persons (previous year: 441) were assigned to the upper three management clusters, including 51 women (12%) (previous year: 50; 11.3%).

#### Management Cluster

	2023	2022
<b>Rheinmetall Group</b>	<b>424</b>	<b>441</b>
Executives	10	14
Top Management	118	127
Senior Management	296	300

Rheinmetall was ranked 17th in the German Diversity Index 2023. The German Diversity Index evaluates diversity on the management boards of DAX 40 companies and assesses their commitment to diversity as documented in public reports.

#### Inclusion

Our open corporate culture ensures that employees with health problems or disabilities are fully integrated in working life at Rheinmetall, where they have every opportunity to bring their talents and skills to the table and prove what they can do. Once again, the focus here is on developing existing strengths and potential. It is vital here that workstations are individually adapted to the type and degree of disability, enabling (further) employment with physical disabilities or easing reintegration into normal working life. In the year under review, the German-based Rheinmetall Group companies employed 613 severely disabled people (previous year: 644), who are represented by the Group representative body for severely disabled employees.

In September 2023, the inclusion agreement, which expired in August 2023 and is seen by the signatory parties as an opportunity to improve the professional inclusion of people with disabilities, was revised with a term until December 2025.

#### Generation Management

Whether employees are young or a little older, whether they have only recently joined Rheinmetall or have been at the company longer, our corporate culture aims to ensure that each individual employee can make an active contribution with their qualifications, skills, personal qualities and commitment to help the company achieve its targets on a lasting basis.

The age groups of 25- to 40-year-olds and 40- to 55-year-olds were the two largest groups at Rheinmetall in the year under review, accounting for a total of 76%. The over 55s make up 20%, while 4% of Rheinmetall employees are under 25. For this reason, the Diversity Day in May 2023, under the heading “Generations@Work,” focused for the first time on cross-generational cooperation and communication. The further development of understanding between the generations and the emphasis on opportunities for joint and cross-generational working and learning play an important role.

On the basis of detailed structural analyses and simulation calculations, interdisciplinary teams are developing new HR programs which factor in the different initial situations and developments at the national and international sites and their impact on the employee age structure. The measures which are tailored to the individual location cover in particular the targeted transfer of knowledge and experience from older colleagues to junior staff, establishing teams with an age mix, systematic training of junior staff and intensified recruiting and HR marketing activities with a focus on the relevant target groups. Also integrated are adjustments to working and organizational flows as well as additional measures and offers for health promotion so as to maintain learning ability and fitness



for work, motivation as well as the physical and mental agility of employees who have been working for many years.

The average age of employees (excluding trainees and interns) in the Rheinmetall Group was 42.9 (previous year: 43.3). In 2023, the average age in the German companies was 43.9 (previous year: 44.3); in the companies outside Germany, it was 41.9 (previous year: 42.3).

#### Age structure

		2023	2022
Post-war generation	(Years 1946-1955)	65	87
Generation Babyboomer	(Years 1956-1965)	3,702	4,136
Generation X	(Years 1966-1980)	10,423	9,799
Generation Y	(Years 1981-1995)	12,086	10,617
Generation Z	(Years from 1996)	2,630	1,690
<b>Rheinmetall Group</b>		<b>28,906</b>	<b>26,329</b>

Salaried staff | on the reporting date

At Group level, the average tenure in the year under review was 9.9 years (previous year: 11.0 years). On average, employees in the Rheinmetall companies outside Germany had worked at the company for 8.3 years (previous year: 9.4), while those in the German companies averaged 11.6 years (previous year: 12.6).

#### Occupational safety and health management

Rheinmetall is aware of its responsibility toward its employees and strives to ensure that the working environment is safe, healthy and clean. The Group ensures occupational and health protection at the workplace within the context of the national provisions in place at its various locations. Workplaces are designed in accordance with the legally and generally recognized safety and industrial medicine regulations, thereby allowing everyone to perform their work without incident and without being subjected to undue stress and strain.

The importance of occupational safety for Rheinmetall is emphasised by the inclusion of the Lost Time Incident Rate (LTIR) in the remuneration of Executive Board members since 2022. From 2024, this key figure will also be included in the remuneration of managers.

Each and every employee of the Rheinmetall Group is obligated to familiarize themselves with all the relevant safety regulations and to observe these in their own working area diligently and at all times – in the interests of not only themselves, but also the company as a whole. Rheinmetall is committed to minimizing to the greatest extent possible all risks and hazards that could potentially endanger the health and safety of employees and third parties. Through continuous improvements in the workplace environment, suitable measures (e.g. ergonomic aids and protective equipment) and a broad range of prevention programs and health-promoting measures, Rheinmetall seeks to maintain and promote the health, performance and satisfaction of its employees.

During the course of the year, employees benefit from not only medical checkups but also a range of prevention programs. The spectrum includes everything from free vaccinations and regular health checkups, through internal and external sporting opportunities and consulting services, to medically appropriate reintegration following a period of long illness.

In the fast-moving and complex working world of a technology group, economic success depends heavily on the human factor. One of the challenges of health management is to improve the well-being, adaptability and resilience of our employees. With the “Think Healthy Committee” we are focusing even more strongly on promoting the health of our employees, creating a Groupwide platform through which the existing activities of our companies in Germany and abroad can be bundled and managed throughout the Group. The Global Health Manager works together with the divisional health coordinators, who are particularly responsible for regulating supraregional issues, and the local health coordinators, who are in turn organized into local steering committees. The aim is to create uniform structures, actively manage the implementation of targeted measures, create a common understanding of healthy leadership, and support health-promoting action. Based on this, fields of action are continuously identified and measures defined. In November 2023, the second Group-wide workshop was held



with the participation of the Head of HR. This workshop planned the focal points of the joint work for the 2024 fiscal year.

Another building block in our approach to further promoting safety and health is the commitment of the operating units to demonstrate an externally certified management system in accordance with ISO 45001 by the end of 2024.

The prestigious Corporate Health Award, which was presented for the 15th time in December 2023, honors organizations with outstanding occupational health management with 20 industry awards and ten special prizes. The prize is jointly awarded by the Bonn-based consulting and market research institute EuPD Research Sustainable Management and Handelsblatt. Out of 250 participants from 15 sectors, Rheinmetall was awarded first place in the "Production/Processing Industry" segment.

In the year under review, the sickness rate at the German Rheinmetall companies was 5.4% (previous year: 4.6%). The accident frequency rate (number of accidents per 1 million working hours) calculated for the Rheinmetall Group for fiscal year 2023 was 5.8 (previous year: 6.1). A total of two workplace accidents resulting in fatalities occurred at the Neckarsulm and Boksburg, South Africa, sites.

### **Work-life balance**

Career success depends, among other things, on how content an employee is outside of their working hours. Many employees want to take greater account of individual life stages and specific life situations in their working life and wish to create a healthier balance between their professional goals and their family and private interests through more flexible working hours. For us, it is important to support our employees with a family-friendly HR policy. In addition to working time models with varying weekly working hours, the offerings that allow everyone more flexible time and thus greater freedom include various part-time options, trust-based working hours and the option of working on a mobile basis for a certain number of working days per month.

We also provide a family service throughout Germany to support employees in matters concerning career and children/care through advice and assistance. In 2023, 165 employees (previous year: 172) were on parental leave in the German companies (109 female employees, 56 male employees; previous year: 118 female employees, 54 male employees). In the year under review, the opportunity to be temporarily released from work, either fully or partly, to care for close relatives was taken up by two employees.

### **Constructive dialogue for fair working conditions**

Corporate co-determination is a long-standing tradition at Rheinmetall. We strive to treat each other fairly and to achieve a trustful and constructive exchange of views with employee representatives in Germany and abroad in order to reconcile the interests of the company and the needs of employees.

Co-determination in Germany is based on local works councils and general works councils. Topics that are to be regulated uniformly for all Group companies in Germany are discussed with the German Group Works Council. We also keep the Economic Committees of our German Group companies and the German Group Works Council regularly informed about the economic situation and changes within the Rheinmetall Group.

Another important partner is the European Works Council, which looks after the rights of our European employees to information, consultation and advice in the case of cross-border European issues. In addition, we have concluded an international framework agreement with the international trade union organization "Industrie All Global Union" for all domestic and foreign Group companies on the principles of social responsibility, which includes regulations on human rights and working conditions.

Accordingly, within the framework of freedom of association and the respective national regulations, we respect the fundamental right of our employees to form, join and be represented by trade unions.

In the Supervisory Board of Rheinmetall AG, which is based on joint representation, the employees of our German companies are also represented by two elected trade union representatives, five elected employee representatives and one elected representative of the managerial staff. In addition, elected employee representatives are represented on the existing other Supervisory Boards of our German Group companies.



In the last fiscal year, Rheinmetall's German companies employed 10,750 staff covered by collective wage agreements (previous year: 10,235), 1,731 staff with contracts not covered by collective wage agreements (previous year: 1,648) and 195 managerial staff (previous year: 210).

We provide information on relevant risks in the »[Risks and opportunities](#) section.

## Procurement and the supply chain

### Management approach

**Management approach** The quality of our products is significantly affected by the quality of the raw materials, parts and components supplied. We expect a high quality assured by internationally recognized standards such as ISO 9001, IATF 16949 and AQAP 2110/2210 from our suppliers. They are selected on the basis of the quality, reliability, performance, suitability and price of the products or services offered. ESG criteria are also integrated in the selection process and taken into account when reviewing business partners.

### Transparency in the supply chain

We procure goods and services from countries all over the world to manufacture our products. Due to the extensive and highly diverse product portfolio, some of the supply chains of the Rheinmetall Group are extremely complex, globally fragmented and also subject to constant change. In a company that has international production plants and sales activities, upholding environmental and human rights due diligence obligations is a major challenge connected with a significant responsibility.

A growing number of national and supranational laws and regulations govern the assumption of responsibility in global supply chains. The German Supply Chain Due Diligence Act, which particularly obliges companies to monitor their suppliers with regard to compliance with internationally recognized human rights and environmental concerns and to ensure lawful dealings with partners throughout the entire supplier relationship. The law is to be applied from January 1, 2023 for companies based in Germany with more than 3,000 employees.

The processes of the newly established risk management system for suppliers were implemented in the year under review. Together with the realigned governance, these processes serve to fulfill and document the requirements of the German Supply Chain Due Diligence Act in the area of purchasing.

The risk management system for suppliers is managed by the "ESG Supply Chain" unit, which was established in 2023 as part of the cross-divisional purchasing organization. This ensures that Rheinmetall implements and fulfills the due diligence obligations uniformly throughout the Group.

The methodical, objective and reliable assessment in terms of sustainability across the very complex international supplier basis requires a Group-wide, standardized, system-supported process for recording and analyzing supplier information to assess the sustainability performance of our most important suppliers. To do this, we use the methodology stored in the web-based platform of the internationally renowned service provider EcoVadis.

The ESG rating is based on a Self-Assessment Questionnaire (SAQ) tailored to the respective supplier regarding three risk aspects (company size, industry/sector, purchasing parameters), the review of submitted verification documents, and the evaluation of information from external sources. EcoVadis checks the individual aspects included in a total of 21 indicators in the areas of environment, labor and human rights, ethics and sustainable procurement. In the process we want to increase not only the transparency of the sustainability performance of the individual suppliers, but also achieve more targeted management of the risks and opportunities in relation to sustainability in our supply chains.

In a structured assessment process, on the basis of self-disclosure using a risk-based approach suppliers are requested to present their processes for securing the individual sustainability criteria, especially on environment, working conditions, human rights, fair working practices and sustainable procurement. In this way, suppliers which represent a risk can be identified more quickly and more reliably. Any identified gaps or risk aspects are then transferred into corresponding risk-mitigating action plans. The aim of all measures is to initiate actual changes for the better in our suppliers' environmental, social, labor and governance standards.



As part of the evidence-based ESG assessment, around 1.5% of the suppliers considered up to that point were classified as high or very high risk in the first stage of the risk assessment as part of the pilot project at the end of fiscal 2023. In the second phase, these identified suppliers were either requested to submit their EcoVadis scorecard or were asked to submit an SAQ. The evaluation of the scorecards shared with us by the end of 2023 shows that, according to the EcoVadis methodology, around 60% of these suppliers have a sustainability performance rated “Good” (score 45-64) by EcoVadis. Only 1% of suppliers were classified as “critical” and were analyzed individually. In line with the risk-based approach, those critical suppliers who have rejected an EcoVadis assessment or whose assessment has expired are urged to renew the assessment or participate in the rating. If necessary, an individual ESG supplier audit is carried out.

The central Compliance Due Diligence center of expertise also conducts business partner reviews for new and existing suppliers using defined criteria and value thresholds, which also include ESG aspects such as human rights and environmental factors. In the event of any anomalies, the central area Corporate Social Responsibility is informed and then, in conjunction with the specialist departments in question, checks and clarifies the issue identified.

The geographic distribution of suppliers in Tier 1 has also been determined for 2023:

#### Supplier by region

		2023	2022
<b>Production material</b>			
Share Germany	%	49	49
Share EU (without Germany)	%	20	19
Share OECD (without Germany and EU)	%	22	24
Share of non-OECD suppliers	%	9	8
<b>Non-production material</b>			
Share Germany	%	52	50
Share EU (without Germany)	%	22	16
Share OECD (without Germany and EU)	%	16	22
Share of non-OECD suppliers	%	10	12
<b>Total</b>	<b>Number</b>	<b>45,397</b>	<b>47,804</b>

#### Supplier Code of Conduct

We also wish to anchor our values and principles in our supply chains and therefore expect our business partners to share our principles regarding responsible and fair conduct to employees, customers, suppliers and the public and demonstrate this responsibility accordingly. We expect our suppliers to take into account the principles laid down in our Supplier Code of Conduct – which is available in several languages and is valid worldwide – in their own corporate policies and to view them as an advantageous basis for further business relationships.

In October 2022, the completely revised Supplier Code of Conduct 2.0, which is aligned with the requirements of the German Supply Chain Due Diligence Act, was published as a binding component of contracts with suppliers. On this basis, Rheinmetall can now act more proactively in partnership with its supplier partners to improve performance, sustainability and compliance aspects in the procurement process and to achieve corporate development goals at the economic, social, ecological and regulatory levels.

#### Supply chains in the automotive industry

The automotive industry consists of a complex network of globally active players. A distinction is made between original equipment manufacturers (OEMs), first-tier suppliers and second- and third-tier suppliers. Manufacturers and suppliers are closely linked in working together to develop and produce vehicles. Automotive manufacturers have been working for some time on anchoring economic, ecological and social objectives vertically, i.e. across all stages of the value-added chain. These include respect of international ESG standards and ESG frameworks, reduction of carbon footprint in production, a higher proportion of recyclable material, responsible use of substances and materials, and future carbon-neutral products.



The score of suppliers on sustainability issues is increasingly being taken into account when contracts are awarded, e.g. as part of supplier questionnaires. With the larger share of their product spectrum, Sensors and Actuators and Materials and Trade hold a first-tier position in the value-added chain of automotive production, i.e. we supply automotive manufacturers and suppliers.

The automotive manufacturers BMW Group, Daimler Truck, Ferrari, Ford, Geely, GWM, Honda, Jaguar Land Rover, Mercedes-Benz, Polestar, Scania, Toyota Motor Europe, Volkswagen Group, Volta Trucks, Volvo Cars and Volvo Group are automotive partners of Drive Sustainability (as of November 21, 2023). These OEMs regularly ask their suppliers to submit a self-disclosure on ESG aspects (Sustainability Assessment Questionnaire, SAQ) via the NQC platform, which allows performance and progress to be analyzed and evaluated and the degree of compliance with their requirements to be determined. In the year under review, Sensor and Actuators achieved a median score of 90/100 points with the companies assigned to it, while the average score of the companies belonging to Materials and Trade was 84/100 points.

### Supply chains in the security and defence industry

Supply chains in the defence industry are characterized by very complex structures, easily comprising up to eight stages for the needs of, for example, Rheinmetall Waffe Munition and Rheinmetall Landsysteme. The high proportion of specific materials and processes combined with a broad product range leads, as is generally the case in this industry, to a high proportion of single sourcing, also because only a few companies throughout the world completely manufacture or command the very specific products and processes. In the defence technology industry, switching to new suppliers is very costly, both from a financial and time-related perspective. The qualification of products carried out by military authorities is linked not only to the performance of the product itself but also to the manufacturing process, manufacturing location and suppliers. A change of suppliers therefore automatically results in costs for requalification. The procurement business in the area of ballistic protection has the characteristics of a project, i.e. it is characterized by intermittent production by our suppliers. This requires a high number of quality assurance measures. Furthermore, specific legislation, such as the War Weapons Control Act, the Foreign Trade and Payments Act, the International Traffic in Arms Regulations (ITAR), to cite just a few, must be taken into consideration for procurement in the divisions operating in the security technology sector.

We provide information on relevant risks in the [»Risks and opportunities](#) section.

## Social responsibility

### Management approach

Social acceptance is an important requirement for companies' economic success. Many Rheinmetall companies can look back on a long history. They have been connected with their sites for many years and are strongly rooted in the local community – after all, this is where their employees and business partners live. In some cases, major customers are based there. Rheinmetall is a living, breathing part of society and participates actively in it and not just in a financial sense. We get involved in the areas of education, sport and culture and also provide direct support for local social projects and charitable organizations. By adding value locally, we also contribute to regional development. Flourishing production sites do not only mean attractive, highly skilled jobs and training places close to home but also orders for local suppliers and service providers. In addition, a large part of the sales generated by the companies returns to the respective economies via the employees, public sector and the shareholders. Capital expenditure in future growth is financed via the funds remaining in the Rheinmetall Group.

### Corporate citizenship

Corporate citizenship is part of corporate social responsibility and refers to citizenship in and of companies that pursue a medium- and long-term business strategy on the basis of responsible action and, in addition to their actual business operations, are also actively involved in local civil society and/or for social/charitable, environmental, sporting and cultural causes as "good citizens." Social engagement is a long-standing tradition at Rheinmetall. It always goes beyond the plant boundaries. Since the needs and opportunities in the vicinity of the locations where we operate vary greatly, the decision on which local project to support is incumbent on the respective management teams of the companies, the division heads or the Executive Board of Rheinmetall AG.





As an expression of our social commitment and in close solidarity with the capital of North Rhine-Westphalia, we support a number of players in Düsseldorf sports. The cooperation between Rheinmetall and the sports city of Düsseldorf includes sports sponsorship of a handball league team. However, parts of the package also focus on promoting Olympic, youth and amateur sports as well as new trend sports. In January 2023, we expanded our involvement in top-class and popular sport to include a well-known team from the Düsseldorf region. In cooperation with D.SPORTS, Rheinmetall will sponsor Borussia Düsseldorf's professional table tennis team as part of its regional sports promotion program.

In the cultural sector, we supported the Düsseldorf Festival in September 2023 as we have in previous years, which put the city at the center of the dance, theater, new circus and music scene for a month.

### Product responsibility

Specialist working groups in the divisions deal, for example, with safety and environmental standards for Rheinmetall products. They are responsible for tracking new regulations and developments, defining and implementing the required internal processes and conducting relevant training. Products in civilian business are subjected to extensive testing in accordance with the regulations prescribed by automotive quality and development standards. Sensors and Actuators, for example, uses a database-supported process for product safety management, which maps out the entire product lifecycle. Materials and Trade uses special design and simulation tools. To prove product safety, in addition to tests carried out in testing facilities outside the engine, engine operation tests are also carried out with customers under various stress scenarios. Internal and external audits are carried out to regularly monitor compliance with the parameters of the quality management system and the relevant processes. For the divisions operating in the field of security technology, the guideline for implementing product safety sets out the basic requirements for ensuring the safety of Defence products in line with common standards and methods.

The R&D Internal Funds team and the Protection Systems business unit worked on further development of the Digital Product Passport (DPP) in the year under review. The DPP is intended in particular to drive forward the circular economy and enable new digital business models. For example, information on components, materials, reparability and reuse, as well as usage data, is stored individually for each product in digital form. Key players along the value and supply chain can access this data via a unique identifier and decide how a used product can be optimally fed into further value creation from an economic and ecological perspective (repair, reuse, recycle, etc.). Rheinmetall has been actively involved in an initiative of the European Defence Agency (EDA) on this topic. As part of the "Incubation Forum for Circular Economy in European Defence – IFCEED," Rheinmetall is participating in studies on the digital product passport in the defence sector.

The development of environmentally friendly solutions for materials is not only being driven forward in the civilian sector of our business activities, such as in Materials and Trade as part of the substitution of lead-containing materials. Defence is also working on the materials portfolio to identify suitable alternatives to chromium-containing coatings for individual parts, for example. In the year under review, Material and Trades launched a project to replace lead with a lead-free alternative material.

### Human rights due diligence obligations

Protecting human rights in our own company and in the supply chain is an important priority of Rheinmetall.

Within its own sphere of influence, Rheinmetall supports the protection of internationally recognized human rights. Our commitment is reflected in our signing the UN Global Compact, in the current Code of Conduct for employees of the Rheinmetall Group and in the international framework agreement Fair2All, which lays down the principles of social responsibility agreed upon with the European Works Council and the Industrie-All trade union. We also appeal to all our business partners, and in particular our suppliers, to follow our social principles. Our expectations of this stakeholder group are described in the Supplier Code of Conduct 2.0 published in October 2022.

In fiscal 2023, Purchasing, HR, Compliance and Corporate Social Responsibility continued to work together with other experts in an integrated manner with the goal of implementing the requirements of the German Supply Chain Due Diligence Act in an interdisciplinary manner in the "In-house" and "Supply Chain Transparency" projects. In various workshops and regular project meetings, the focus was on defining new responsibilities and expanding



existing governance structures and management processes, systematically conducting abstract and specific risk analyses and assessing their impact on the risk management system, potential due diligence procedures, processes for corrective and preventive measures, adapting existing complaint channels, establishing internal and external audits, rewriting the Supplier Code of Conduct, and the structure of documentation, reporting, the policy statement and the new internal compliance guideline on the German Supply Chain Due Diligence Act. The procedure for assessing the sustainability performance of suppliers is explained in more detail in the [»Procurement and supply chain](#) section.

Complaints and reports of suspected or actual human rights violations can be submitted externally through a variety of communication channels. Points of contact are also already established in the companies/locations. The Incident Management unit, which is part of the Compliance Operations function, ensures that these reported incidents are looked into in a structured and unbiased manner, paying particular attention to protecting the identities of the whistleblowers.

In April 2021, Rheinmetall joined the United Nations Global Compact (UNGC). This is a multi-stakeholder forum for the development, implementation and disclosure of responsible business practices. As a signatory, we are committed to promoting compliance with the UNGC's ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

We continuously play an active role in Branchendialog Automobilindustrie, a discussion forum for the automotive industry, whose representatives from companies, politics and NGOs will continue their involvement in various topic-specific working groups in a second phase following the publication of the guidelines for action on the five core elements of human rights due diligence (policy statement, risk analysis, measures and effectiveness monitoring, complaint mechanism and reporting) in August 2022. Furthermore, we are involved in the CSR/human rights working group of the German Institute for Compliance. Representatives of our company chair the "Corporate Responsibility" and "REACH" working groups of the Federal Association of the German Security and Defence Industry. We also continue to be active in the "Sustainability in the Supply Chain" working group of the German Association of the Automotive Industry.

In addition, we pursue regulatory developments in human rights and environmental due diligence not only at European level (Corporate Sustainability Due Diligence Directive – CSDDD), but also in other countries where we are represented, such as Switzerland, the Netherlands, Spain, Norway, Canada, Japan and Australia.

## Compliance

### Management approach

The reputation of Rheinmetall, the success of the business and the trust of customers, investors, employees and the general public depend not only on the quality of our products and services, but also to a large degree on good corporate governance and, in particular, on effective compliance processes. In line with our values and our Code of Conduct, we are committed to conduct characterized by responsibility, integrity, respect and fairness. We are an honest, loyal and reliable partner for all our stakeholders.

Our binding compliance policy serves to safeguard our business success on a lasting basis. The members of the Executive Board and managers, executives and employees naturally have an obligation to comply at all times in their working environment with all the applicable country-specific laws, external and internal regulations and other provisions, to conduct themselves correctly in business dealings, to preserve the company's tangible and intangible assets and to avoid anything that may result in operational or financial disadvantages or damage to the image of individual companies or the Rheinmetall Group. We do not tolerate any damage to our company's standing and to the reputation of our employees or agents as a result of unlawful and/or unethical behavior or corrupt business practices.

For further information, see [»Corporate management and control](#). For relevant risks, see [»Risks and opportunities](#).



## EU Taxonomy

### 1. Sustainable finance

Sustainable finance means taking account of environmental, social and governance (ESG) considerations when making investment decisions in the finance sector, which should lead to longer-term investments in sustainable economic activities and projects. In addition to climate change mitigation, the ecological aspects also include adapting to climate change and environmental factors such as preserving biodiversity, avoiding pollution, and the circular economy. Social parameters may, for example, relate to issues of inequality, working conditions, investments in local communities, and human rights. The management of public and private-sector companies and institutions – including management structures, relations between employers and employees, and the remuneration of managers and employees – plays a crucial role when it comes to including social and environmental considerations in decision-making processes.

One important measure of the European Union was therefore the definition of the EU Taxonomy, which is intended to establish a shared understanding of the environmental sustainability of economic activities and capital expenditure. The starting point for defining an economic activity as environmentally sustainable is the six environmental objectives of the EU Taxonomy Regulation: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) the protection and restoration of biodiversity and ecosystems. The EU Taxonomy distinguishes between taxonomy-eligible economic activities, which correspond to the pure description of a category and thus do not have any significance to sustainability. Economic activities are considered environmentally sustainable and thus taxonomy-aligned if they make a substantial contribution to one or more of these defined environmental objectives, do not significantly harm the achievement of any environmental objective (“do no significant harm” principle – DNSH) and comply with minimum safeguards for occupational health and safety and human rights, such as those arising from the OECD Guidelines for Multinational Enterprises or the United Nations Guiding Principles on Business and Human Rights. All corporate activities that cannot be assigned to any category are taxonomy-non-eligible.

Based on these complex screening criteria, the extent to which products and individual measures are ecologically sustainable as defined in the EU Taxonomy Regulation is specified. Since the publication of Delegated Regulation (EU) 2023/2486 by the EU Commission in June 2023 on environmental objectives 3 to 6 (“sustainable use and protection of water and marine resources,” “transition to a circular economy,” “pollution prevention and control,” “protection and restoration of biodiversity and ecosystems”), these are now available for all six environmental objectives defined in the EU Taxonomy Regulation. In addition to the delegated regulations on the technical screening criteria for the six environmental objectives, the EU Taxonomy Regulation stipulates another delegated regulation on the taxonomy-related disclosure obligations in accordance with Article 8 of the EU Taxonomy Regulation, which contains more detailed provisions on content, methodology and presentation.

### 2. Method of determination

The recording of taxonomy-relevant economic activities was carried out using a decentralized top-down approach. The organizational structure of the Rheinmetall Group was the guiding principle here, so the screening and allocation of economic activities took place at division level as well as at the level of the Rheinmetall AG (Rheinmetall Real Estate, Rheinmetall IT Solutions and Rheinmetall Technology Center) business units. As part of this, the determination was divided into three phases: identification of relevant category sets, allocation of economic activities (taxonomy eligibility) and taxonomy alignment testing.

The categories were identified for all six environmental objectives. A comprehensive assessment was carried out for the final delegated regulation published by the EU Commission in June 2023 on the environmental objectives (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems. On this basis, the relevant categories with the associated criteria sets were identified and all non-applicable categories were excluded. For environmental objective (2) climate change adaptation, no economic activity was identified in the “allocation of economic activities” phase. As in previous years, this was therefore not taken into account. Similarly, no economic activity could be identified for the environmental objective (3) sustainable use and



protection of water and marine resources and environmental objective (6) protection and restoration of biodiversity and ecosystems in the “classification of economic activities” phase.

In the Annexes to Environmental Objectives 3-6 of the Delegated Regulation, there were also some changes to the wording regarding compliance with the NACE codes, which stipulate a stricter interpretation. While the wording (a) “The economic activities in this category could be associated with several NACE codes” is always used in environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation), the categories in environmental objectives 3-6 now often contain the wording (b) “The economic activity relates to [...] classified under the NACE codes.” The wording (a) suggests an optional formulation, so that economic activities that do not fall under the listed NACE codes, but can be clearly assigned to a category on the basis of the other criteria, are considered taxonomy-eligible. Wording (b), on the other hand, can be understood as a mandatory formulation, meaning that economic activities that cannot be assigned to the NACE codes mentioned are considered non-taxonomy-eligible.

According to EU 2021/4987 Annex I, the “Capital expenditure” and “Operating expenditure” KPIs are subdivided as (A) directly attributable to a taxonomy-eligible or-aligned activity, (B) serving to expand taxonomy-eligible and-aligned activities, or (C) relating to the acquisition of production from taxonomy-aligned economic activities and to individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is reduced. Derived from this, the assignment of the category sets first identified the sales-generating economic activities and the associated capital and operating expenditure. In addition, any values that did not generate sales in the reporting period but could be assigned to categories (B) or (C) were identified.

In a second step, the sets of categories were applied to the economic activities of the divisions. To gain an initial estimate of the taxonomy eligibility in 2023, the expected annual values were also added. In addition, these were used to determine an internal materiality limit, as the granularity in the determination made possible by the EU Taxonomy Regulation, in particular for (C) capital expenditure, cannot yet be fully technically implemented. The materiality limit for comparability is based on the methodology of previous years, which is approximately 1/1000 of the taxonomy-eligible totals of sales, operating expenditure and investments less special effects. Special effects are business activities that are not part of the company’s core business, are non-recurring in nature and have a significant impact on earnings. These include, for example, the one-off purchase of buildings by Rheinmetall Immobilien Gesellschaft for rental or resale. No significant deviations in the projected annual value were identified by the materiality limit.

In the third phase, the determined economic activities of Rheinmetall AG were finally checked for their taxonomy alignment. A distinction was made between (1) requirements to be examined for each individual economic activity itself, such as the substantial contribution and specific DNSH criteria, (2) requirements relating to the locations and (3) requirements covered by Group-wide compliance. The latter particularly applies to the requirements of the minimum safeguards. For the Annexes of the Delegated Regulation on the new environmental objectives published in June 2023 and the additions to the existing annexes of environmental objectives 1 and 2, a soft landing will be carried out again this year, so that no conformity check will be carried out and all economic activities identified here will be reported as taxonomy-compliant. Due to the reclassification of economic activities in the automotive sector from category 3.6 Manufacture of other low carbon technologies to the new category 3.18 Manufacture of automotive and mobility components, this leads to a one-off significant change in the KPIs this year compared to the previous year. Due to the full reporting obligation for taxonomy eligibility and alignment for all environmental objectives, taxonomy alignment is expected to increase again from the 2024 fiscal year.

With the results, the KPIs of the EU Taxonomy Regulation have been conclusively evaluated for the Rheinmetall Group.



## 2.1 Identified criteria sets relevant for sales

Categories	Description of the activity	Affected companies
<b>Environmental objective 1: Climate change mitigation</b>		
3.1. Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	KS Gleitlager GmbH
3.2. Manufacture of equipment for the production and use of hydrogen	Manufacture of equipment for the production and use of hydrogen	Pierburg GmbH KS Gleitlager GmbH Rh Invent GmbH
3.3. Manufacture of low carbon technologies for transport	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of low carbon transport vehicles, rolling stock and vessels.	Rheinmetall MAN Military Vehicles GmbH
3.5. Manufacture of energy efficient equipment for buildings	Manufacture of energy efficient equipment for buildings.	Rh Invent GmbH Pierburg GmbH
3.6. Manufacture of other low carbon technologies.	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in Sections 3.1 to 3.5 of this Annex.	Rheinmetall Electronics GmbH
3.18. Manufacture of automotive and mobility components	Manufacture of mobility components for zero-emission personal mobility devices and of automotive and mobility systems and components.	Pierburg GmbH Pierburg Pump Technology GmbH
3.21. Manufacture of aircraft	Manufacture of aircraft and aircraft components and equipment.	Rheinmetall Aviation Services GmbH
7.1. Construction of new buildings	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realize the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.	Rheinmetall Immobilien GmbH
7.7. Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Rheinmetall Immobilien GmbH
<b>Environmental objective 4: Circular economy</b>		
2.6. Depollution and dismantling of end-of-life products	Construction, operation and modernization of facilities for the dismantling and removal of pollutants from complex end-of-life products, movable goods and their components for the purpose of material recovery or preparation for reuse of components.	Rheinmetall Landsysteme GmbH
5.3 Preparation for reuse of end-of-life products and product components	Preparation for the reuse of products and components at the end of their service life.	MS Motorservice France S.A.S.

### 2.1.1 Environmental objective 1: Climate change mitigation

#### Manufacture of renewable energy technologies (3.1.)

This category refers to renewable energies within the meaning of Article 2(1) of Directive (EU) 2018/2001. With the manufacture of bushes for brakes and geared rotor shafts of wind turbines, KS Gleitlager GmbH from Materials and Trade contributes significantly to the further development of wind power technologies. In terms of the regulation, we classify this as an enabling activity. The requirements of the selected category for taxonomy eligibility are thus fulfilled according to our interpretation. The substantial contribution emphasizes the



requirement that the economic activity produces technologies for renewable energies. In this respect, it is our understanding that no separate proof is required for this if taxonomy eligibility has already been proven.

### **Manufacture of equipment for the production and use of hydrogen (3.2.)**

With its current hydrogen product portfolio including recirculation blowers, high-voltage pumps or hydrogen cathode valves distributed by Pierburg GmbH, Rheinmetall offers technologies for the use of hydrogen, which is why we see ourselves as an enabling company. The substantial contribution for the manufacture of technologies for the use of hydrogen does not deviate from the requirements for taxonomy eligibility. In this respect, no separate verification was required.

### **Manufacture of low carbon technologies for transport (3.3.)**

Applying the FAQ of the European Commission from February 2022 as well as after the experiences in the first few years of reporting, it turns out that for the taxonomy eligibility of the mentioned category, the wording “low-carbon vehicles” is not binding, but instead vehicles with the potential to become low-carbon. In our understanding, vehicles are all vehicles that serve to transport persons or objects and participate in traffic on the road. Participation in traffic on the road involves a certain regularity from our point of view. As in the 2022 fiscal year, the logistical military vehicles and special vehicles for the civilian sector are therefore reported as taxonomy-eligible in this category in accordance with our interpretation. Due to requirements (h) and (i) of the substantial contribution, a further investigation into taxonomy alignment has not been undertaken, as the relevant products do not currently meet the requirements.

### **Manufacture of energy-efficient building equipment (3.5.)**

Pierburg GmbH received an order for the delivery of a refrigerant compressor model with DC electronics in December 2022. The sales generated for the development services and the associated investments and operating expenses in 2023 are reported as taxonomy-aligned in this category. As a supplier of relevant components, we have the role of the enabling company. To meet the substantial contribution (k), the technical screening criteria in Section 4.16 of (EU) 2021/2800 Annex 1 must be met. However, these refer to the final product itself, which is why we have limited ourselves to the fulfillment of the technical screening criteria of category 3.5. Compliance with Article 3 letters b and c of (EU) 2020/852 is presented separately.

### **Manufacture of other low carbon technologies (3.6.)**

During the period under review, Rheinmetall Electronics GmbH made a significant contribution to reducing greenhouse gas emissions by providing individually manufactured simulators as an alternative to the use of vehicles. These are simulators for specific vehicles that are ordered by the customer instead of training vehicles. Standard simulators designed for multiple vehicles were not included, as in this case the comparative solution would have been another simulator. In the case of standard simulators, verification of greenhouse gas savings is not possible.

### **Manufacture of automotive and mobility components (3.18)**

The majority of the taxonomy-eligible products of Pierburg GmbH and Pierburg Pump Technology GmbH relate to the automotive industry. Last year, category 3.6 was applicable for activities in the automotive supplier industry on the basis of the EU Commission’s FAQ from February 2022. With the reintroduction of category 3.18 by the EU Commission in June 2023, the components are now taken into account accordingly. While in the previous year, components of a hybrid vehicle could also be considered under category 3.6 if their target technology is the electric part of the drivetrain, these are not applicable this year due to the restriction to zero-emission vehicles in category 3.18. Category 3.18 therefore includes all automotive components whose target technology is zero-emission vehicles, which means that there is no longer a restriction to components of the drivetrain of such a vehicle and therefore every component of a zero-emission vehicle is considered taxonomy-eligible. Due to the fact that this category is an addition published in June 2023, the economic activities in this category are reported as taxonomy-eligible in their entirety.

### **Manufacture of aircraft (3.21)**

Rheinmetall Aviation Services generates sales from the manufacture, maintenance, repair and technical support of drones. The EU Commission defines drones as all aircraft that can fly without a pilot on board. These activities can therefore be assigned to the manufacture of aircraft and are therefore included for the first time in this fiscal





year. Rheinmetall Aviation Services is also investing in the future production of military combat aircraft this year. Due to the fact that this category is an addition to the Annex to the environmental objective “Climate change mitigation” of the Delegated Regulation published in June 2023, the economic activities in this category are not checked for conformity and are therefore reported as taxonomy-eligible in their entirety.

### **Construction of new buildings (7.1.)**

All new construction activities of the Rheinmetall Group have been allocated to the “Construction of new buildings” criteria set. This involves the implementation of construction projects for residential and non-residential buildings for the Group’s own account for resale or on a fee or contract basis. For construction of new buildings, comprehensive climate protection requirements must be taken into account for building permits in accordance with statutory regulations. Rheinmetall Immobilien Gesellschaft mbH is also committed to more far-reaching ecological and economic measures in several projects. For example, certifications in accordance with the German Sustainable Building Council (DGNB) – which go beyond the legally required minimum requirements through strict specifications and test criteria – serve as a benchmark. In Düsseldorf, Rheinmetall Immobilien Gesellschaft mbH is implementing a new construction project named “Stadtgärten Unterrath” with approximately 30 condominiums for sale. The building will be constructed in accordance with the KfW 55 standard. It can be assumed that the requirements for the KfW 55 standard do not meet the required criteria of the EU Taxonomy Regulation.

### **Acquisition of and ownership of buildings (7.7.)**

Activities in the field of acquisition and management of property in buildings fall under Category 7.7 of the EU Taxonomy Regulation. Here, in particular, sales from the rental of buildings or the purchase of a property are to be recognized as taxonomy-eligible. The construction of new buildings for own use should also be included here. The majority of the economic activities assigned to this category do not meet the criteria for a significant contribution. In Düsseldorf, however, Rheinmetall Immobilien Gesellschaft mbH generates taxonomy-aligned sales from the rental of the DeltaD office building. As this was built in accordance with the DGNB Gold standard, it can be assumed that the building meets the criteria for the significant contribution.

## **2.1.2 Environmental objective 4: Circular economy**

### **Depollution and dismantling of end-of-life products (2.6)**

Rheinmetall Landsysteme GmbH carries out various projects to extend the useful life of tactical vehicles. This involves completely dismantling old vehicles down to the vehicle hull and refurbishing or modernizing them. In some cases, pollutants are also removed during dismantling. This is done by completely stripping the paint from the vehicles. This involves removing the chromium VI-containing primers used until 2010, which are harmful to health. All economic activities in which both dismantling and the removal of harmful substances, such as complete paint stripping, are carried out are considered taxonomy-compliant.

### **Preparation for reuse of end-of-life products and product components (5.3)**

This category includes the preparation for reuse of end-of-life products and product components at the end of their service life. MS Motorservice France S. A. S. (MSF) procures end-of-life turbochargers, reconditions them and sells them as refurbished. Without the reconditioning described above, the turbochargers would either be partially recycled or disposed of as waste and would therefore be at the end of their service life. As part of the reconditioning process, they are prepared so that they can be reused in a vehicle without further processing. The sales associated with the described activity are therefore to be regarded as taxonomy-compliant in the present category.

## **2.2 Do no significant harm to any of the environmental objectives (DNSH)**

This approach can essentially be divided into three phases: centralized evaluation, location-specific verification and individual consideration. For the environmental objectives to be verified, not only individual activity-related requirements but also separate appendices (A-D) were published as part of Annex 1 of (EU) 2021/2800 and the other Annexes to Regulation (EU) 2023/2486, which apply to a large number of activities and prescribe site-specific requirements. The survey on the requirements of these annexes was prepared centrally. In this context, the appendices (A) “Generic criteria for DNSH to climate change adaptation”, (B) “Generic criteria for DNSH to sustainable use and protection of water and marine resources,” and (D) “Generic criteria for DNSH to protection and restoration of biodiversity and ecosystems” were evaluated for the economic activities concerned and made



available to the sites for verification. After verification and any necessary adjustments as well as documentation of evidence, this package was merged centrally. Appendix (C) “Generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals” required a more comprehensive consideration and interpretation. In this context, the terms “production,” “placing on the market” and “use” were defined as follows:

- **Production:** A harmful substance is produced for the first time in one’s own company. This does not yet include an external effect.
- **Placing on the market:** The harmful substance is introduced onto the market for the first time by the own company and thus has an external effect.
- **Use:** A harmful substance or a product containing the harmful substance is introduced into a product by the company for the first time in production, manufacturing or assembly. It should be noted that traceability over several stages of the value chain cannot currently be guaranteed.

With this determination, the examination of the requirements of appendix (C) was handed over to the divisions and examined there for each individual taxonomy asset. The result was then made available again centrally, added to the package for evaluation of the DNSH criteria and thus ended the review process.

### 2.3 Minimum safeguards

Minimum safeguards, as defined in the EU Taxonomy Regulation (Article 18(1)), are “procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.”

Details of the exact requirements for minimum safeguards that companies must investigate were first published by the European Commission in July 2022 as part of a “Draft Report on Minimum Safeguards” and subsequently in October 2022 as part of the “Final Report on Minimum Safeguards.” They relate to:

1. Human rights
2. Taxation
3. Corruption and bribery
4. Fair competition

For each of these topics, a proposal for the implementation of the criteria is explained, which can be followed until the Corporate Social Responsibility Directive (CSRD) has been transposed into German law. For each of these topics, a proposal for the implementation of the criteria is explained in a single chapter. The criteria mentioned are also presented in an overview table, which formed the basis for the evaluation within the Group. A document was created to review the criteria for Rheinmetall AG, in which the information in the table was adopted and responsibilities from the HR, Compliance, Legal and CSR departments were initially assigned for the various criteria. The type of evidence for each criterion was also noted in the document. The amendments to the OECD Guidelines for Multinational Enterprises were also taken into account in the 2023 fiscal year. Significant changes include the recommendations directed at companies to align themselves with internationally agreed objectives on climate protection and biodiversity, the emphasis on corporate responsibility for the negative human rights impact of their own activities on potentially affected stakeholders and the extended protection of vulnerable groups, as well as the emphasis on corporate due diligence obligations in the fight against corruption. Documents used as evidence include the annual report and the non-financial statement for 2022, risk analyses, due diligence activities in the context of the German Supply Chain Due Diligence Act (LkSG) as well as reference documents such as the International Framework Agreement Fair2All and the Code of Conduct. Furthermore, since 2022 the Compliance department has been using the “Ethical” tool, which carries out surveys on various compliance topics every two months for all Rheinmetall AG companies. Extracts from the results of these surveys were also used as evidence.



## 2.4 Avoiding double counting

While recording this, a distinction was made between business activities that are always associated with the intention of generating external sales and those that are not. The activities aimed at generating sales – regardless of whether sales, capital expenditures or operating expenditures were concerned – were examined for possible double-counting effects, as there is a risk of this with regard to internal value added in particular. This approach has eliminated existing uncertainties. In the case of manufacturing overheads, procedures were applied that assumed an interdependence between sales and operating costs of the respective product. It was not possible to break down the overhead costs separately. However, this procedure ensured that there was no double counting. Activities that pursue a goal other than generating sales – particularly energy-related measures – were analyzed on the basis of itemizations. This did not reveal any anomalies.

## 3. Result

The consolidated financial statements of Rheinmetall AG have been prepared in accordance with the regulations of section 315e(1) German Commercial Code (“HGB”) and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Further information on the accounting standards can be found in the notes to the consolidated financial statements under “Summary of accounting standards.” In its core indicators, the EU Taxonomy Regulation distinguishes between sales, capital expenditure and operating expenditure. Here, the respective main unit, the denominator, is specified by Delegated Regulation EU 2021/4987 in Annex I.

### 3.1 Sales

Net sales comprise sales within the meaning of Article 2(5) of Directive 2013/34/EU, i.e., the amounts derived from the sale of products and the rendering of services after deducting sales allowances and value added tax and other taxes directly related to sales. Furthermore, the taxonomy states that sales comprise revenue recognized in accordance with International Accounting Standard (IAS) 1, paragraph 82(a) as amended by Commission Regulation (EC) No. 1126/2008. Rheinmetall records its sales in accordance with this standard so that Group sales also correspond to all taxonomy sales to be considered.



## Turnover

Economic Activities	Financial year 2023		Year		Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity			
	Code(s)	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity									
		€million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																								
A.1 Environmentally sustainable activities (Taxonomy-aligned)																								
I. Core Business	–	74.05	1.03	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	1.50	–	–				
Manufacture of renewable energy technologies	CCM 3.1.	1.42	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03	E	–				
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	4.31	0.06	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.09	E	–				
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	0.58	0.01	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	–	E	–				
Manufacture of other low carbon technologies	CCM 3.6.	67.74	0.94	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.38	E	–				
II. Other Business	–	0.50	0.01	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	0.01	–	–				
Acquisition and ownership of buildings	CCM 7.7.	0.50	0.01	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01	–	–				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	74.55	1.04	1.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	1.51	–	–				
Of which Enabling	–	74.05	1.03	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	–	E	–				
Of which Transitional	–	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	–	–	–	–	–	–	–	–	–	T				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																								
I. Core Business	–	122.66	1.71	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	0.57	–	–				
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	0.30	0.00	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–				
Manufacture of low carbon technologies for transport	CCM 3.3.	47.04	0.66	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	0.57	–	–				
Manufacture of automotive and mobility components	CCM 3.18.	33.20	0.46	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–				
Manufacturing of aircraft	CCM 3.21.	33.80	0.47	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–				
Depollution and dismantling of end-of-life products	CE 2.6.	7.75	0.11	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	–	–				
Preparation for re-use of end-of-life products and product components	CE 5.3.	0.57	0.01	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	–	–				
II. Other Business	–	5.77	0.08	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	0.06	–	–				
Construction of new buildings	CCM 7.1.	5.28	0.07	EL	EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	0.06	–	–				
Acquisition and ownership of buildings	CCM 7.7.	0.49	0.01	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	0.00	–	–				
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	–	128.43	1.79	1.67%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	–	–	–	–	–	–	–	0.62	–	–				
A. Turnover of Taxonomy eligible activities (A.1 + A.2)	–	202.98	2.83	2.71%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	–	–	–	–	–	–	–	2.13	–	–				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																								
B. Turnover of Taxonomy non-eligible activities	–	6,972.54	97.17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	97.87	–	–				
Total	–	7,175.52	100.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	100.00	–	–				

The sales analysis for taxonomy-eligible products was carried out for all companies in the Rheinmetall Group, with Electronic Solutions, Vehicle Systems and Sensors and Actuators standing out. The increase in the overall total is explained by the fact that – in contrast to the previous fiscal year – new economic activities, such as the manufacture of drones or the refurbishment of end-of-life vehicles, have now been included as a result of the new environmental objectives. However, they are not reported as taxonomy-eligible in this fiscal year beyond their taxonomy-aligned status. Simulators, which meet the requirements of taxonomy alignment and were already included in the previous fiscal year, also account for a significant proportion this year. In the area of components for electric vehicles, such as electric water pumps used to cool batteries, considerable sales were again generated in the series production business this fiscal year. As in the previous fiscal year, considerable taxonomy-eligible sales were also generated through the production of civilian, logistics and special vehicles. In the year under review, further progress was made in establishing and expanding our business areas with regard to energy management and renewable energy sources. Sales were recorded in the field of brake and transmission technology for wind turbines.

### 3.2 Investments

In contrast to sales, capital and operating expenditures are specifically defined by the EU Taxonomy Regulation. Accordingly, capital expenditure comprises all additions to property, plant and equipment and intangible assets during the fiscal year before amortization, depreciation and remeasurement, including additions from business combinations. Leases that do not result in recognition of a right of use of the asset are excluded. For this purpose, Rheinmetall has recognized the IFRS items listed in the EU Taxonomy Regulation: additions to property, plant and equipment, intangible assets, investment property and rights of use as well as the relevant transaction types such as additions to company acquisitions, additions within the Group, additions to government grants and external additions.



The acquisition of Expal Munitions, S.A.U. resulted in a one-off significant increase in the denominator value in the 2023 fiscal year. This means that this year's KPI for investment expenditure is not very comparable with that of the previous fiscal year.

### Capital Expenditure

Financial year 2023	Year			Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	CapEx	Proportion of CapEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity	
		€million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
I. Core Business	–	12.27	0.65	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	6.73*	–	–
Manufacture of renewable energy technologies	CCM 3.1.	0.01	0.00	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.12	E	–
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	7.42	0.40	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	2.11	E	–
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	4.52	0.24	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.00	E	–
Manufacture of other low carbon technologies	CCM 3.6.	0.31	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	3.49	E	–
II. Other Business	–	11.42	0.61	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	2.55*	–	–
Electricity generation using solar photovoltaic technology	CCM 4.1.	2.93	0.16	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.59	–	–
Production of heat/cool from bioenergy	CCM 4.24.	3.33	0.18	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.89	–	–
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.35	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.15	–	–
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	0.30	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.00	–	–
Low carbon airport infrastructure	CCM 6.17.	1.69	0.09	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.33	E	–
Renovation of existing buildings	CCM 7.2.	0.91	0.05	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.00	–	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.90	0.05	Y	N	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.07	E	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	0.14	0.01	Y	N	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.06	E	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	0.88	0.05	Y	N	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	E	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	23.69	1.26	1.26	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	Y	9.28*	–	–
Of which Enabling	–	15.87	0.85	0.86	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	Y	–	E	–
Of which Transitional	–	0.91	0.05	0.05	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	Y	–	–	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
I. Core Business	–	24.51	1.31	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	–	0.25	–	–
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	0.60	0.03	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Manufacture of low carbon technologies for transport	CCM 3.3.	0.88	0.05	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.25	–	–
Manufacture of automotive and mobility components	CCM 3.18.	22.58	1.21	EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Manufacturing of aircraft	CCM 3.21.	0.13	0.01	EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Depollution and dismantling of end-of-life products	CE 2.6.	0.33	0.02	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
II. Other Business	–	62.44	3.33	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	–	15.05*	–	–
Afforestation	CCM 1.1.	0.08	0.00	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.03	–	–
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.43	0.02	EL	EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	0.07	–	–
Renewal of waste water collection and treatment	CCM 5.4.	0.10	0.01	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	9.25	0.49	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	2.15	–	–
Infrastructure for rail transport	CCM 6.14.	0.63	0.03	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Construction of new buildings	CCM 7.1.	4.25	0.23	EL	EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	0.79	–	–
Renovation of existing buildings	CCM 7.2.	0.34	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.39	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.23	–	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	0.09	0.00	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1.40	0.07	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Acquisition and ownership of buildings	CCM 7.7.	32.23	1.72	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	10.64	–	–
Data processing, hosting and related activities	CCM 8.1.	12.57	0.67	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.97	–	–
Maintenance of roads and motorways	CE 3.4.	0.31	0.02	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
Remediation of contaminated sites and areas	PPC 2.4.	0.38	0.02	N/EL	N/EL	N/EL	EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.00	–	–
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	–	86.95	4.64	4.59	0.00	0.00	0.02	0.04	0.00	–	–	–	–	–	–	–	–	15.3*	–	–
A. CapEx of Taxonomy eligible activities (A.1 + A.2)	–	110.64	5.91	5.85	0.00	0.00	0.02	0.04	0.00	–	–	–	–	–	–	–	–	24.58*	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
B. CapEx of Taxonomy non-eligible activities	–	1,762.44	94.09	–	–	–	–	–	–	–	–	–	–	–	–	–	–	75.42	–	–
Total	–	1,873.08	100.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	100.00	–	–

\*This is the total reported for the previous year.

Due to differences between this year's reported categories and those of the previous year, the total value does not correspond to the sum of the individual values shown here.



As explained in the section on method of determination, capital expenditure is broken down by origin type. The majority of taxonomy-eligible capital expenditure arose from the Group's sales-generating business activities. In particular, the economic activities in category 3.18 with investments in the development of forward-looking products such as the high-voltage water pump and the economic activities in category 3.2 with investments in products such as the innovative hydrogen recirculation blower for use in fuel cell-powered vehicles, which generated investments of over €30 million, should be mentioned here. Rheinmetall Immobiliengesellschaft accounted for a further share with investments in the acquisition and construction of new buildings. This capital expenditure primarily related to energy optimization measures at the Group's locations. Both the efficient use of electricity and water and the use of waste heat in our production to save natural resources for heat generation were focus areas of the further taxonomy-eligible capital expenditure.

### 3.3 Operating expenses

The denominator of operating expenditures is limited to certain expenses. Consequently, the taxonomy-relevant transactions are also only a subset of this limited unit. The denominator must include direct, non-capitalized expenses incurred for research and development, building renovation measures, short-term leasing, maintenance and repair and all other direct expenses from the maintenance of property, plant and equipment to ensure operational readiness. Here, too, we have used standardized reporting formats and thus include maintenance costs, expenses for short-term and low-value leases, and non-capitalized expenses for research and development. The additional determination of expenses for the daily maintenance of assets has been carried out since 2021. Rheinmetall understands this to mean internal expenses incurred in connection with maintenance and repair by its own personnel and therefore not included in other operating expenses. When evaluating the cost centers, care is taken to ensure that the total costs are adjusted for individual costs where necessary for the required data reporting in order to avoid double counting when determining the key figures.



**Operating Expenditure**

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity	
	Code(s)	OpEx	Proportion of CapEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
Economic Activities		€million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
I. Core Business	–	10.37	2.62	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	8.41*	–	–
Manufacture of renewable energy technologies	CCM 3.1.	0.42	0.11	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	–	E	–
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	7.06	1.78	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	2.29	E	–
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	1.63	0.41	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.76	E	–
Manufacture of other low carbon technologies	CCM 3.6.	1.26	0.32	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	3.87	E	–
II. Other Business	–	2.66	0.67	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	0.34*	–	–
Transmission and distribution of electricity	CCM 4.9.	2.30	0.58	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.15	E	–
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5.	0.11	0.03	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	–	–	–
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.08	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.07	E	–
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	0.18	0.05	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.05	E	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	–	13.04	3.29	3.29	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	Y	8.75*	–	–
Of which Enabling	–	12.92	3.26	3.26	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	Y	–	E	–
Of which Transitional	–	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	–	–	–	–	–	–	–	–	–	–	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
I. Core Business	–	36.40	9.20	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	–	0.12	–	–
Manufacture of equipment for the production and use of hydrogen	CCM 3.2.	0.98	0.25	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–	–
Manufacture of low carbon technologies for transport	CCM 3.3.	1.71	0.43	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.12	–	–
Manufacture of automotive and mobility components	CCM 3.18.	33.67	8.51	EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–	–
Depollution and dismantling of end-of-life products	CE 2.6.	0.04	0.01	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	–	–	–
II. Other Business	–	7.39	1.87	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	–	–	–	–	–	–	–	–	0.61*	–	–
Forest management	CCM 1.3.	0.16	0.04	EL	EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	–	–	0.17	–	–
Renewal of water collection, treatment and supply systems	CCM 5.2.	0.09	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–	–
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	0.13	0.03	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.05	–	–
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.70	0.18	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.03	–	–
Data processing, hosting and related activities	CCM 8.1.	6.09	1.54	EL	EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	–	–	0.28	–	–
Remediation of contaminated sites and areas	PPC 2.4.	0.22	0.06	N/EL	N/EL	N/EL	EL	N/EL	N/EL	–	–	–	–	–	–	–	–	–	–	–
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	–	43.78	11.06	10.99	0.00	0.00	0.06	0.01	0.00	–	–	–	–	–	–	–	–	0.73*	–	–
A. OpEx of Taxonomy eligible activities (A.1 + A.2)	–	56.82	14.35	14.29	0.00	0.00	0.06	0.01	0.00	–	–	–	–	–	–	–	–	9.48*	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
B. OpEx of Taxonomy non-eligible activities	–	339.02	85.65	–	–	–	–	–	–	–	–	–	–	–	–	–	–	90.50	–	–
Total	–	395.84	100.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	100.00	–	–

\*This is the total reported for the previous year.

Due to differences between this year's reported categories and those of the previous year, the total value does not correspond to the sum of the individual values shown here.

A portion of the taxonomy-eligible and taxonomy-aligned operating expenditure could be allocated to sales-related activities. The majority of our taxonomy-eligible operating expenditure relates to areas in research and development that serve to expand taxonomy-eligible and-aligned activities. They are intended to lead to additional taxonomy-eligible sales and thus underscore the importance already attached to alternative drive technologies. In addition, operating expenditure for building refurbishment measures as well as maintenance and repair of property, plant and equipment has been identified that could be classified as taxonomy-eligible or taxonomy-aligned within the meaning of the EU Taxonomy Regulation.

### 3.4 Investment planning

Non-financial undertakings must disclose material information on investment planning for each of their specified economic activities. There is currently no clear interpretation of what the investment plan includes, meaning that different interpretations exist with regard to the market. As part of its investment planning, Rheinmetall considers all investments that are planned for current and future taxonomy-aligned activities. Investments that serve to convert current taxonomy-eligible business into future taxonomy-aligned business are also considered. In addition to capital expenditure, non-capitalized development costs for taxonomy-aligned business activities are



also included in the investment planning. The resulting planned capital expenditure is reported at aggregated economic activity level.

The current investment planning refers to the core business relating to the environmental objective of climate protection, as investments in other activities, such as the acquisition of real estate or the construction of photovoltaic plants, cannot always be planned over a longer period of time and prices are subject to strong market fluctuations. Investment planning covers a period of three years, i.e. for the period under review this relates to the period between 2024 and 2026. In category 3.1. "Manufacture of renewable energy technologies," capital expenditure of €6.4 million is planned for the coming years. In the category 3.2 "Equipment for the production and use of hydrogen," further taxonomy-aligned capital expenditure of around €23.5 million is planned for the coming years in order to expand the product portfolio as part of our hydrogen strategy. Capital expenditure of around €36.9 million is planned for the business activities in category 3.5 "Energy-efficient equipment for buildings" in order to expand our taxonomy-compliant business activities. Capital expenditure of around €0.8 million is expected in the coming years for economic activities in the category 3.6 "Other low carbon technologies." The product portfolio in category 3.18 "Manufacture of automotive and mobility components" is to be further expanded in the coming years with capital expenditure of around €66.4 million. Further taxonomy-aligned capital expenditure of around €6 million is also planned in the coming years in category 4.9 "Transmission and distribution of electricity."

#### 4. Conclusion

In the first year of collecting all data to determine taxonomy-aligned economic activities, a system has already been developed that sets comparable standards for all divisions. As a result of the delegated regulation for environmental objectives (3 to 6) published by the EU Commission in June 2023, economic activities in all six environmental objectives were reported for the first time in this fiscal year. However, this initially only includes the taxonomy eligibility for environmental objectives 3 to 6 and the additions to the annexes for environmental objectives 1 and 2. This causes a one-off deviation in the KPIs compared to the previous year. In addition, the increased denominator of investment expenditure due to the acquisition of Expal Munitions, S.A.U. this year leads to a distortion of the KPIs and thus to a low comparability of this year's KPIs for investment expenditure with those of the previous fiscal year. For reasons of transparency and comparability with the previous year, capital expenditure is therefore presented below both including and excluding Expal Munitions, S.A.U. The full presentation of both taxonomy-eligible and taxonomy-aligned economic activities in all six environmental objectives will be provided from the 2024 fiscal year onwards.

	Revenue		Capital expenditure			Operating expenditure	
in %	2023	2022	2023	2023	2022	2023	2022
			(incl. Expal)	(excl. Expal)			
Taxonomy-aligned economic activities	1.0	1.5	1.3	4.7	9.3	3.3	8.8
Taxonomy-eligible economic activities	2.8	2.1	5.9	22.8	24.6	14.4	9.5
Taxonomy-non-eligible economic activities	97.2	97.9	94.1	77.2	75.4	85.6	90.5

In terms of sales, 2,83% of our business activities fall under the classification system of the EU Taxonomy Regulation. 1,04% of total sales meets the requirements for taxonomy alignment. With the possible upcoming revisions of the legal texts and interpretations of the industries, future changes to the classifications cannot be ruled out at the present time. We will also continue to take taxonomy alignment requirements into account in all process steps in order to steadily increase these in subsequent years.