

## Remuneration Report

### Authority and definition process

The basic features of the remuneration policy are elaborated by the Compensation Committee (COC) and approved by the Board of Directors, which also approves the executive bonus plan and the long-term incentive plan (LTI). The Board of Directors fixes annually the remuneration of the Directors and of the members of the Group Executive Board, based on suggestions of the COC and within the limits approved by the shareholders. The Directors, whose remuneration is decided on, also participate in the meeting. The Board of Directors reviews annually the main features of the remuneration policy, approves the fixed portion of the remuneration of the Group Executive Board members and defines the targets for the executive bonus plan as well as the parameters for the LTI. The Board of Directors has not engaged third-party consultants for the elaboration of the salary policy or of compensation programs. The Board of Directors annually submits the proposal for the maximum aggregate total compensation of the members of the Board of Directors and the Group Executive Board to the Annual General Meeting for prospective approval by the shareholders. For a detailed description of the rules on the vote on pay at the Annual General Meeting, reference is made to §14 of the Articles of Association ([www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)).

For the rules in the Articles of Association on the principles applicable to performance-related pay and to the allocation of equity securities as well as the additional amount for payments to new members of the Group Executive Board appointed after the vote on pay at the Annual General Meeting as well as on loans, credit facilities and post-employment benefits for members of the Board of Directors and the Group Executive Board, reference is made to §24 of the Articles of Association.

### Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of the annual fee and compensation for representation expenses. The remuneration is determined at the discretion of the Board of Directors, taking into consideration the remuneration at companies with comparable size, industry and globalization.

The members of the Board of Directors may opt to obtain all or part of their remuneration in cash or in Autoneum shares. The cash component is paid out in December of the related business year. The shares are delivered in the respective year and blocked for three years. The share price applicable for the conversion of the remuneration into shares is based on the average trading price of the ten trading days following the dividend payment, discounted to reflect a three-year blocking period.

### Remuneration of the Group Executive Board

Remuneration of the Group Executive Board consists of a fixed component, a performance-related bonus and the participation in the long-term incentive plan (LTI). Remuneration is determined at the discretion of the Board of Directors, taking into consideration function, responsibility and experience, as well as remuneration at comparable industrial companies for which information is publicly available or known to the Directors from their experience or office at similar companies. Industrial

companies are considered comparable with Autoneum if they are similar in terms of business sector, structure, size and international activity.

The Board of Directors may define an additional portion of the basic salary which shall be paid in Autoneum shares. The number of shares is calculated considering the average trading price of the first ten trading days of the respective year. The granted shares are delivered in December of the respective year and blocked for three years.

The members of the Group Executive Board may reach a performance-related remuneration of up to 80% of their basic salary, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups (BG), as well as to the achievement of agreed individual targets. The targets for the CEO and the CFO refer to the Group net profit margin (weighted with 52.5%), Group RONA (22.5%) and individual targets (25%). For the heads of the BG<sup>1</sup> the targets refer to the Group net profit margin (17.5%), Group RONA (7.5%), BG EBIT margin (35%), BG free cash flow (15%) and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. Achievement of the minimum limit is a condition for the bonus, while maximum bonus is achieved at the maximum limit. Bonus develops linearly between the two limits. Irrespective of the other targets, a bonus is only earned in case of a positive Group net profit. At least 40% of the bonus is paid in shares of Autoneum.<sup>2</sup> Each member of the Group Executive Board can opt for receiving up to 100% of the bonus in shares and for receiving either restricted shares with a blocking period of three years or an entitlement to shares with a deferred transfer after a period of three years. The calculated bonus is multiplied by 1.4 and then converted into shares considering the average trading price of the first ten trading days in January of the following year.

The long-term incentive plan (LTI) allows the Board of Directors to allocate part of the Group's net profit to the beneficiaries defined in advance. Beneficiaries are the upper management of the Group, including the Group Executive Board.<sup>3</sup> An allocation is only granted if Group net profit is positive and exceeds a defined threshold. The total amount of Group net profit dedicated to the LTI is converted into Autoneum shares and the shares are allocated to the beneficiaries at fixed percentage rates, corresponding to the internal function levels. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company. Due to the 35 month vesting period, the value of the LTI is in strong correlation to the Autoneum share price performance. Immediate vesting occurs in case of death or retirement of a beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the COC. For the year 2016, 1% of Group net profit has been allocated (2015: 1%).

There are no share options or share purchase plans.

<sup>1</sup> For 2016, the targets for the Head Business Group SAMEA refer to the Group net profit margin (weighted with 52.5%), Group RONA (22.5%) and individual targets (25%).

<sup>2</sup> For 2016, the full bonus of the Head of Business Group SAMEA is paid out in cash.

<sup>3</sup> For 2016, the Head Business Group SAMEA and the Head Business Group Asia are not entitled to a LTI.

**Remuneration to the members of the Board of Directors and Group Executive Board in 2016**

CHF	Fixed remuneration		Other <sup>2</sup>	Total
	in cash	in shares <sup>1</sup>		
<b>Board of Directors</b>				
Hans-Peter Schwald, Chairman	–	280 000	49 848	329 848
Rainer Schmückle, Vice Chairman	120 000	70 000	25 000	215 000
Michael W. Pieper	–	100 000	25 108	125 108
This E. Schneider	–	130 000	29 387	159 387
Peter Spuhler	100 000	–	27 371	127 371
Ferdinand Stutz	120 000	50 000	32 119	202 119
<b>Total</b>	<b>340 000</b>	<b>630 000</b>	<b>188 833</b>	<b>1 158 833</b>

CHF	Fixed remuneration		Variable remuneration		LTI <sup>5</sup>	Other <sup>6</sup>	Total
	in cash	in shares <sup>3</sup>	in cash	in shares <sup>4</sup>			
<b>Group Executive Board</b>							
All members	2 570 480	32 081	911 739	1 512 729	160 295	924 996	6 112 319
Thereof Martin Hirzel, CEO	668 000	32 081	163 800	535 121	70 079	150 551	1 619 630

<sup>1</sup> The applicable share price (average trading price during the defined period, less 16% for the three-year blocking period) was CHF 198.04. The transfer took place after deduction of applicable social security contributions and withholding taxes.

<sup>2</sup> Other remuneration includes the employer's portion of social insurance contributions as well as lump-sum remuneration for representation expenses.

<sup>3</sup> The applicable share price during the defined period was CHF 192.10.

<sup>4</sup> The part of the bonus opted to be paid out in shares (at least 40%) is multiplied by the factor 1.4 and then converted into shares using the average trading price for the first ten days in January 2017 (CHF 268.50).

<sup>5</sup> The rights allocated in April 2017 will vest end of February 2020.

<sup>6</sup> Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

Total remuneration to the Group Executive Board contains remuneration to Dr Uwe Trautmann, who resigned from the Group Executive Board in 2016 and had the bonus settled in cash.

At the Annual General Meeting 2015 a total remuneration to the Board of Directors of CHF 1 450 000 and a total remuneration to the Group Executive Board of CHF 6 900 000 was approved for the financial year 2016. The total remuneration to the Board of Directors and to the Group Executive Board for 2016 is within the approved limit.

**Remuneration to former members of the Board of Directors and of the Group Executive Board**

A total remuneration of CHF 90 356 was paid to Richard Derr who resigned from the Group Executive Board in 2015. There has been no remuneration to former members of the Board of Directors.

**Directorships at other companies**

The Board of Directors decides on directorships of members of the Group Executive Board or senior management at other companies. When the directorship is exercised outside the contractual working time, the director's remuneration received must not be surrendered to Autoneum.

**Remuneration to the members of the Board of Directors and Group Executive Board in 2015**

CHF	Fixed remuneration		Other <sup>2</sup>	Total
	in cash	in shares <sup>1</sup>		
<b>Board of Directors</b>				
Hans-Peter Schwald, Chairman	-	280 000	49 800	329 800
Rainer Schmückle, Vice Chairman	190 000	-	25 000	215 000
Michael W. Pieper	-	100 000	25 239	125 239
This E. Schneider	-	130 000	29 591	159 591
Peter Spuhler	-	100 000	27 396	127 396
Ferdinand Stutz	120 000	50 000	32 310	202 310
<b>Total</b>	<b>310 000</b>	<b>660 000</b>	<b>189 336</b>	<b>1 159 336</b>

CHF	Fixed remuneration		Variable remuneration <sup>4</sup>		LTI <sup>6</sup>	Other <sup>7</sup>	Total
	in cash	in shares <sup>3</sup>	in cash	in shares <sup>5</sup>			
<b>Group Executive Board</b>							
All members	3 274 004	32 108	989 824	1 198 512	206 892	773 743	6 475 083
Thereof Martin Hirzel, CEO	668 000	32 108	225 176	315 236	70 117	148 937	1 459 574

<sup>1</sup> The applicable share price (average trading price during the defined period, less 16% for the three-year blocking period) was CHF 182.84. The transfer took place after deduction of applicable social security contributions and withholding taxes.

<sup>2</sup> Other remuneration includes the employer's portion of social insurance contributions as well as lump-sum remuneration for representation expenses.

<sup>3</sup> The applicable share price during the defined period was CHF 174.50.

<sup>4</sup> For the bonus calculation, the net profit has been adjusted for the settlement with the German Federal Cartel Office in the amount of CHF 31.5 million in 2015.

<sup>5</sup> The part of the bonus opted to be paid out in shares (at least 40%) is multiplied by the factor 1.4 and then converted into shares using the average trading price for the first ten days in January 2016 (CHF 192.10).

<sup>6</sup> The rights allocated in April 2016 will vest end of February 2019.

<sup>7</sup> Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

Total remuneration to the Group Executive Board in 2015 includes remuneration to Volker Eimertenbrink (Head Business Group SAMEA until December 31, 2015), payable in 2016. Richard Derr, who resigned from the Group Executive Board in 2015, had the bonus settled in cash.

**Loans to directors or officers**

No loans have been granted to members of the Board of Directors or the Group Executive Board.

**Other remuneration and payments to related parties**

There have been no further payments or remuneration to members of the Board of Directors or Group Executive Board in 2016 or in 2015. In 2016, CHF 67 415 (2015: CHF 86 678) of fees were paid to the law firm managed by the Chairman of the Board of Directors, for legal services provided.



# Report of the Statutory Auditor

To the General Meeting of Autoneum Holding Ltd, Winterthur

## Report on the Audit of the Remuneration Report

We have audited the accompanying remuneration report of Autoneum Holding Ltd for the year ended December 31, 2016.

The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables “Remuneration to the members of the Board of Directors and Group Executive Board in 2016” and “Remuneration to the members of the Board of Directors and Group Executive Board in 2015” on pages 118 to 119 of the remuneration report.

### Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the remuneration report for the year ended December 31, 2016, of Autoneum Holding Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Kurt Stocker  
Licensed Audit Expert  
Auditor in Charge

Kathrin Schünke  
Licensed Audit Expert