

# Corporate Governance

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The rules and regulations of Corporate Governance are laid out in numerous Autoneum documents, in particular the Articles of Association\*, the Organizational Regulations\* and the Board Committee Regulations. The content and structure of this report conform to the Directive Corporate Governance (DCG) and the related Guideline published by the SIX Swiss Exchange.

Unless stated otherwise, the data pertains to December 31, 2018. Some information will be updated regularly on [www.autoneum.com/investor-relations](http://www.autoneum.com/investor-relations). For some information readers are referred to the financial section of this Annual Report. The Remuneration Report can be found from page 128 onwards.

## 1 Group structure and shareholders

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### Group structure

Autoneum Holding Ltd is a company incorporated under Swiss law, with its registered offices in Winterthur. Its shares are listed on the SIX Swiss Exchange (securities code 12748036, ISIN CH0127480363, symbol AUTN). Market capitalization as of December 31, 2018 was CHF 685.8 million.

Autoneum Group consists of the four Business Groups Europe, North America, Asia and SAMEA (South America, Middle East and Africa), the Group Finance department and those Corporate functions that report directly to the CEO. It includes all companies controlled by Autoneum Holding Ltd.

Within the framework of internal regulations, the Business Groups are responsible for the profitability of each individual company with the exception of those business activities and companies that report directly to the CEO. Each Business Group has been established for a clearly defined and demarcated specific market region. Each of these Business Groups conducts its business within the framework of the Organizational Regulations\* and under the leadership of the Business Group Head, who reports directly to the CEO of the Autoneum Group. The segment reporting information can be found on pages 96–98.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

The Group Finance department and those corporate functions that report directly to the CEO support the CEO, the Business Group Heads and the Board of Directors in their management and supervisory functions, and are responsible for the activities outside the Business Groups, such as management of holding companies and pension funds. Subsidiary companies are founded based on legal, business and financial considerations. One person (Head of Legal Unit) is appointed for each company and is responsible for local financial management as well as for compliance with national laws and regulations and internal guidelines.

Companies with participation of further shareholders are principally managed as described above, however taking into consideration the respective agreements.

42 companies worldwide belonged to the Autoneum Group as of December 31, 2018. An overview on subsidiaries comprising the names, domiciles and share capital of the subsidiaries and the voting rights held by the Autoneum Group can be found on page 123. The management organization of the Autoneum Group is independent of the legal structure of the Group and the individual companies.

### **Significant shareholders**

As of December 31, 2018 Autoneum was aware of the following shareholders with 3% or more of all voting rights in the Company:

- Artemis Beteiligungen I Ltd; Centinox Holding Ltd; Michael Pieper, Hergiswil, Switzerland; 21.06%
- PCS Holding Ltd, Warth-Weiningen; Peter Spuhler, Weiningen, Switzerland; 17.20%

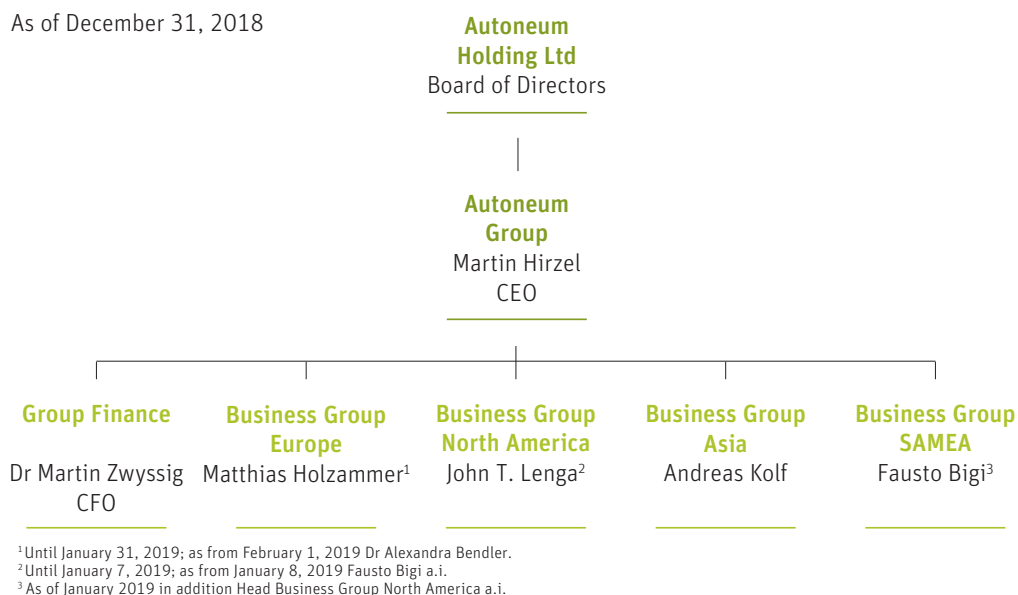
All notifications of shareholders with 3% or more of all voting rights in the Company have been reported to the Disclosure Office of the SIX Swiss Exchange in accordance with Art. 120 of the Financial Market Infrastructure Act (FMIA) and published via its electronic publication platform on [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html), where further details can also be found. As of December 31, 2018 Autoneum Holding Ltd held 0.43% of the share capital (19 985 shares).

### **Cross-holdings**

The Company has no information about cross-holdings of capital or voting shares exceeding the limit of 5% on both sides.

## Organization

As of December 31, 2018



## 2 Capital structure

### Share capital

On December 31, 2018 the share capital of Autoneum Holding Ltd totaled CHF 233 618.15. It was divided into 4 672 363 fully paidup registered shares with a par value of CHF 0.05 each. The shares are listed on the SIX Swiss Exchange (securities code 12748036, ISIN CH0127480363, symbol AUTN).

### Authorized share capital

There is no authorized share capital available at Autoneum Holding Ltd.

### Contingent capital for issuing convertible and/or warranty bonds or granting shareholder options

The share capital may be increased by up to 700 000 fully paidup registered shares with a nominal value of CHF 0.05 each in an amount not to exceed CHF 35 000 or 14.98% through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar financial instruments by the Company or one of its Group companies on national or international capital markets, and/or through the exercise of option rights granted to the shareholders. The preemptive rights of the shareholders on the issuance of bonds or other financial instruments with which conversion rights and/or warrants are connected shall be excluded. The then current owners of conversion rights and/or warrants shall be entitled to subscribe to the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors. The acquisition of shares through the voluntary or mandatory exercise of conversion rights and/or warrants as well as each subsequent transfer of shares are subject to the restrictions in §4 of the Articles of Association\*.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

In connection with the issuance of bonds or similar financial instruments with which conversion rights and/or warrants are connected, the Board of Directors is empowered to restrict or exclude the advance subscription rights of shareholders if (1) such instrument is issued for the financing or refinancing of the acquisition of corporations, parts thereof, equity holdings or investments or if (2) such instrument is issued (i) on national or international capital markets or (ii) to one or more financial investors. If the advance subscription rights are restricted or excluded by the Board of Directors, the following shall apply: The issuance of such instrument shall be made at prevailing market conditions, and the new shares shall be issued pursuant to the relevant conditions of that financial instrument. Conversion rights may be exercised during a maximum ten-year period, and warrants may be exercised during a maximum seven-year period, in each case from the date of the respective issuance. The issuance of the new shares upon voluntary or mandatory exercise of conversion rights and/or warrants shall be made at conditions taking into account the market price of the shares and/or comparable instruments with a market price at the time of issuance of the relevant financial instrument.

### **Contingent capital for employee participation shares**

The share capital may be increased by a maximum of CHF 12 500 or 5.35% through the issuance of up to 250 000 fully paidup registered shares with a par value of CHF 0.05 each to employees of the Company or its Group companies. The preemptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or similar financial instruments. The issuance of these shares to employees will be in accordance with one or more regulations issued by the Board of Directors and will take appropriate account of employee performance, position and degree of responsibility and economic viability criteria subject to §24 of the Articles of Association\*. Shares or options may be issued to employees at a price lower than that quoted on the stock exchange. The acquisition of shares within the framework of the employee participation plan, as well as every subsequent transfer of these shares, is subject to the limitations set forth in §4 of the Articles of Association\*.

### **Changes in share capital**

There have been no changes to the share capital of Autoneum Holding Ltd since the Company's founding on December 2, 2010. The General Meeting of March 22, 2011 adopted a contingent share capital of CHF 35 000 (see pages 48 f) and a contingent share capital of CHF 12 500 (see above).

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

## Participation and dividend-right certificates

Autoneum Holding Ltd has issued neither participation certificates nor dividend-right certificates.

## Shares

Autoneum Holding Ltd has issued 4 672 363 fully paidup registered shares with a nominal value of CHF 0.05 each. Each registered share is entitled to dividends and entitles the holder to one vote at General Meetings of Autoneum Holding Ltd shareholders. The Board of Directors maintains a share register in which the owners and usufructuaries are registered with name/company name and address with the following conditions. Only those persons listed in the share register will be recognized as company shareholders or usufructuaries. Any changes of name or address must be communicated to the Company. Those who acquire registered shares must make written application for entry in the share register. The Company can refuse such entry to parties who do not expressly declare that they have acquired and will hold these registered shares in their own names and for their own account. If persons fail to expressly declare in their registration applications that they hold the shares for their own account (“nominees”), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the nominee has entered into an agreement with the Company concerning his or her status, and further provided that the nominee is subject to a recognized bank or financial market supervision. After hearing the registered shareholder or nominee, the Board of Directors may cancel any registration in the share register made based on incorrect information with retroactive effect as of the date of registration. The relevant shareholder or nominee must be informed immediately of the cancellation. The Board of Directors regulates the details and issues the instructions necessary for compliance with the provisions set forth above. In special cases, the Board of Directors may grant exemptions from the rule concerning nominees and may delegate its duties.

The Company only recognizes one proxy per share. Voting rights and associated rights may only be exercised in relation to the Company by a shareholder, usufructuary or nominee entered in the share register as having the right to vote.

The registered shares of Autoneum Holding Ltd are issued in the form of securities and registered as book-entry securities (in the sense of the Book-Entry Securities Act) at SIX SIS Ltd.

Book-entry securities with underlying shares of the Company may not be transferred by way of assignment. Security interests for these book-entry securities cannot be granted by means of assignment. The Company is entitled to convert at any time and without the approval of shareholders shares issued in the form of uncertificated securities into individual share certificates or global share certificates. Shareholders are not entitled to have shares issued in one particular

form transformed into another form. Any shareholder is, however, entitled to request at any time that the Company issue a certificate stating the number of shares registered in his or her name.

### **Restrictions on share transfers and nominee registrations**

Those persons entered in the shareholders' register are recognized as voting shareholders. Autoneum shares can be bought and sold without any restrictions. In accordance with §4 of the Articles of Association\*, entry in the register of shareholders can be denied in the absence of an explicit declaration that the shares are held in the applicant's own name and for the applicant's own account. There are no other registration restrictions.

Shares held in a fiduciary capacity are not principally entered in the shareholders' register. However, as an exception to this rule, a nominee is entered in the register if the nominee in question has concluded a nominee agreement with Autoneum and is subject to a recognized bank or financial supervisory authority. The nominee exercises voting rights at the Annual General Meeting of shareholders. At the request of Autoneum Holding Ltd, the nominee is obliged to disclose the name of the person on whose behalf it holds shares.

A resolution of the General Meeting approved by the absolute majority of the voting shares represented is required in order to cancel the restrictions on share transfers.

### **Convertible bonds and options**

Autoneum Holding Ltd has no convertible bonds or options outstanding.

## **3 Board of Directors**

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The composition, general rights, duties and responsibilities of the Board of Directors of Autoneum Holding Ltd are pursuant to the Swiss Code of Obligations and the Autoneum Holding Ltd Articles of Association\* and Organizational Regulations\*.

### **Board membership**

Pursuant to the Articles of Association\*, the Board of Directors of Autoneum Holding Ltd consists of no less than three and no more than nine members. As of December 31, 2018 the Board of Directors comprised seven members, none of whom performed executive duties. The functions of Chairman of the Board and CEO are separated in order to ensure a good balance between the Company management and supervisory bodies.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

### **Independence of non-executive members**

The Board of Directors consists of non-executive members, and none of the members has exercised any operational activities for Autoneum in the three financial years preceding the reporting period. The members of the Board of Directors and the companies represented by them do not have any significant business relationships with companies of the Autoneum Group (but see page 121).

### **Permissible activities outside the Autoneum Group**

According to §20 of the Articles of Association\*, no member of the Board of Directors may assume more than fifteen additional mandates and no more than five of these may be held with listed companies. This restriction does not apply to (a) mandates held with companies that control or are controlled by Autoneum Holding Ltd; (b) mandates assumed by a member of the Board of Directors by order of Autoneum Holding Ltd or companies under its control; (c) mandates held with companies that do not qualify as companies within the meaning of Art. 727, para. 1, clause 2 of the Swiss Code of Obligations; (d) mandates held with nonprofit organizations and foundations as well as pension funds. The number of mandates pursuant to (c) and (d) is limited to a total of 20.

Mandates held with various legal entities that are under joint control or controlled by the same beneficial owner count as one mandate. Mandates held with the supreme management or administrative body of a legal entity that is required to be registered in the commercial register or an equivalent register abroad count as mandates.

### **Election and term of office and principles of the election procedure**

The Chairman and the other members of the Board are elected individually by the General Meeting and for a one-year term of office, running from one Annual General Meeting to the next.

Board members can be reelected. They retire at the Annual General Meeting following their 70<sup>th</sup> birthday, unless the Board of Directors has lifted the age limit in individual cases. For Michael Pieper, the Board of Directors has made this limit void and proposed him to the shareholders for reelection in view of his outstanding personal commitment and significant shareholding in the Company, which is obviously supporting the further development of Autoneum.

Nominations for election to the Board of Directors are made with due regard for the balanced composition of this body, taking industrial and international management experience and specialist knowledge into account.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

## Internal organization

The Board of Directors is responsible for the business strategy and the overall management of the Autoneum Group and Group companies. It exercises a supervisory function over the persons who have been entrusted with the business management.

The Board of Directors is responsible for all transactions that are not explicitly reserved for the General Meeting or other bodies according to the law, the Articles of Association\* and the Organizational Regulations\*. It prepares the Annual General Meeting and makes the necessary arrangements for implementing resolutions adopted by the Annual General Meeting. The Board of Directors has the following decision-making authority:

- composition of the business portfolio and strategic direction of the Group;
- definition of the Group structure;
- appointment and dismissal of the members of the Group Executive Board;
- definition of the authority and duties of the Chairman and the committees of the Board of Directors as well as the CEO and CFO of the Autoneum Group and the Business Group Heads;
- organization of accounting, financial control and financial planning; the budget and the Annual Report with business review, financial statements, consolidated financial statements and Remuneration Report;
- principles of financial and investment policy, personnel and social policy, management and communications;
- signature regulations and allocation of authority of Autoneum Holding Ltd;
- principles of internal audit;
- principles of compliance management system;
- decisions on investment projects involving expenditure in excess of CHF 10 million;
- issuance of bonds and other significant financial market transactions;
- incorporation, purchase, sale and liquidation of subsidiaries.

The Board of Directors comprises the Chairman, the Vice Chairman and the other members. The Chairman of the Board of Directors and the members of the Compensation Committee are elected for a one-year term of office by the Annual General Meeting. Apart from this, the Board of Directors is self-constituting. The Board of Directors appoints a secretary who does not need to be a member of the Board of Directors. The Vice Chairman deputizes for the Chairman in his absence. The Board of Directors has a quorum if the majority of members are present or if the Board members are able to communicate with each other by telephone, videoconference, Internet or other electronic means. Motions of the Board of Directors are approved by a simple majority of the votes of the members present. In the case of a tie, the Chairman has the casting vote.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)





From left to right: Norbert Indlekofer, Michael Pieper, Rainer Schmückle, Hans-Peter Schwald, This E. Schneider, Ferdinand Stutz, Peter Spuhler

## Board of Directors

### Hans-Peter Schwald (1959)

Chairman

Swiss national

**First elected to the Board** Board member and Chairman since 2011 . **Educational and professional background** lic. iur. HSG, lawyer; since 2017 Senior Partner of BianchiSchwald LLC . **Other activities and interests** Vice Chairman of the Board of Directors, Stadler Rail Ltd; Board member, Rieter Holding Ltd; President of the Board of Directors of VAMED Management and Service Switzerland Ltd and VAMED Health Project Switzerland Ltd as well as President of Swiss VAMED rehab hospitals; Chairman, AVIA Association of Independent Importers of Petroleum Products; Board member of other Swiss joint stock companies **Committees** Chairman of the Strategy Committee; Member of the Audit, the Compensation and the Nomination Committee . **Non-executive**

### Rainer Schmückle (1959)

Vice Chairman

German national

**First elected to the Board** Board member and Vice Chairman since 2011 . **Educational and professional background** Dipl. Wirtsch.-Ing. University of Karlsruhe; from 1984 to 1997 various positions at the Daimler Group, including CFO and Senior Vice President IT of Freightliner LLC, Germany; from 1998 to 2000 first CFO and then CEO of Adtranz LLC; from 2001 to 2005 President and CEO of Freightliner LLC, Germany; from 2005 to 2010 COO of Mercedes Car Group; from 2010 to 2011 Operating Partner of Advent International; from 2011 to 2014 Chief Operating Officer and President Seating Components, Johnson Controls Inc., USA; from 2014 to 2015 CEO of MAG Group . **Other activities and interests** Member of the Board of Directors of Dometic Group Ltd and Member of the Board of Directors of a privately held company . **Committees** Chairman of the Audit Committee; Member of the Strategy Committee . **Non-executive**

### Norbert Indlekofer (1958)

Board member

German national

**First elected to the Board** Board member since 2017 . **Educational and professional background** Dipl. Ing. University of Stuttgart; from 2004 to 2006 Chairman of the Management Board, Transmission and Chassis Systems of INA-Schaeffler KG, Germany; from 2006 to 2009 Chairman of the Management Board, Transmission and Chassis Systems of INA-Schaeffler KG as well as Chairman of the Management Board of LuK Group, Germany; from 2011 to 2014 Member of the Executive Board Automotive responsible for the Transmission Systems Business Division and Chairman of Schaeffler Ltd, Germany; from 2014 to 2016 President and CEO Automotive Schaeffler Ltd, Germany . **Other activities and interests** Member of the Board of Directors of Feintool Ltd; Member of the Advisory Council of ATESTEO GmbH & Co. KG . **Committees** Member of the Strategy Committee . **Non-executive**

### Michael Pieper (1946)

Board member

Swiss national

**First elected to the Board** Board member since 2011 . **Educational and professional background** lic. oec. HSG; owner and CEO of Artemis Holding Ltd . **Other activities and interests** Member of the Board of Directors of various Artemis and Franke subsidiaries worldwide; Board member Bergos Berenberg Ltd, Forbo Holding Ltd, Rieter Holding Ltd and Arbonia Ltd. **Non-executive**

### This E. Schneider (1952)

Board member

Swiss national

**First elected to the Board** Board member since 2011 . **Educational and professional background** lic. oec. HSG; from 1991 to 1993 Chairman and CEO of listed company SAFAA, France; from 1994 to 1997 member of the Executive Board, Valora Group, as Managing Director of the Canteen and Catering Division; from 1997 to 2002 Executive Chairman and CEO of the Selecta Group; from 2004 until March 2014 Executive Chairman and CEO, Forbo Group; since April 2014 Executive Chairman of the Board of Directors of Forbo Group . **Other activities and interests** Board member Rieter Holding Ltd . **Committees** Chairman of the Compensation and the Nomination Committee **Non-executive**

### Peter Spuhler (1959)

Board member

Swiss national

**First elected to the Board** Board member since 2011 . **Educational and professional background** Majority shareholder, Chairman of the Board and until January 2018 CEO of Stadler Rail Ltd . **Other activities and interests** Chairman of the Board of several other companies of Stadler Rail Group, Gleisag Gleis- und Tiefbau Ltd, PCS Holding Ltd and of Aebi Schmidt Holding Ltd; Vice Chairman of Walo Bertschinger Ltd (WBZ), ZLE Betriebs Ltd (ZSC Lions), DSH Holding Ltd; Member of the Board Allreal Holding Ltd; Rieter Holding Ltd, Evonik Industries Ltd, European Loc Pool Ltd; Member of the Executive Committee at Swissmem; Member of the Committee at LITRA; Member of the Foundation Board of Tele D; Member of the National Council of the Swiss Parliament from 1999 to 2012 **Non-executive**

### Ferdinand Stutz (1957)

Board member

Swiss national

**First elected to the Board** Board member since 2011 . **Educational and professional background** Dipl. Giesserei-Ing. University of Duisburg; from 1982 to 1989 Operations Manager and Deputy Manager Foundry for Rieter Ltd; from 1989 to 1995 Department Manager, Co-Partner and Executive Director of Schubert & Salzer, Germany; from 1995 to 1997 Executive Director of Georg Fischer Eisenguss GmbH, Germany; from 1998 to 2009 Member of the Management Board of Georg Fischer Ltd and CEO of GF Automotive; since 2009 owner and founder of Stutz Improvement Ltd . **Other activities and interests** Member of the Advisory Board of Halder Beteiligungsgesellschaft GmbH, Germany; Member of the Board of Directors or Advisory Board of other joint stock companies . **Committees** Member of the Audit, the Strategy, the Compensation and the Nomination Committee . **Non-executive**

In 2018, the members of the Board of Directors met for five regular meetings, each of which lasted around half a day. One visit was held abroad and was followed by a visit to a production plant. The attendance rate was 91.4%. In addition, six telephone conferences were held. The agendas for the Board meetings are drawn up by the Chairman. Any member of the Board can also propose items for inclusion on the agenda. Board meetings are generally also attended by the CEO and the CFO, while the other members of the Group Executive Board attend as necessary regarding business matters concerning them. They give an overview of the results, outlook and budget of their operating units, and present those projects requiring the approval of the Board of Directors. During 2018, no external consultants were present at meetings of the Board of Directors.

Once a year the Board of Directors reviews its performance, internal working methods and cooperation with the Group Executive Board. This takes the form of a self-assessment and includes an assessment of the state of information of Board members with regard to the Group and its business development.

Should there be a conflict of interest in the course of making decisions on business matters and items on the agenda, the respective Board member must stand aside prior to discussion of the matter in question and abstain from voting when passing a resolution.

### **Committees**

Besides the Compensation Committee, the Board of Directors appoints an Audit, a Nomination and a Strategy Committee from among its members in order to assist it in its duties. The committees are fundamentally advisory and preparatory bodies and have no decision-making powers; resolutions are passed by the Board as a whole. Each committee has written terms of reference specifying its tasks and responsibilities. The members of the Compensation Committee are elected by the Annual General Meeting. The Chairman and members of the other committees are elected by the Board of Directors. The committees meet regularly to develop recommendations for the Board of Directors and to prepare minutes of their meetings.

The **Audit Committee** currently consists of three members of the Board. Its Chairman is Rainer Schmückle; the other members are Hans-Peter Schwald and Ferdinand Stutz. In the 2018 financial year none of the members of the Audit Committee performed executive duties. The Chairman is elected for one year. The Audit Committee meets at least twice each financial year. The meetings are usually also attended by the Head of Internal Audit, representatives of the statutory and Group auditors, the CEO and the CFO, and other members of the Group Executive Board and management as appropriate. The main duties of the Audit Committee are:

- elaborating principles for external and internal audits for submission to the Board of Directors, and providing information on their implementation;
- assessing the work of the external and internal auditors as well as their mutual cooperation and reporting to the Board of Directors;
- assessing the reports submitted by the statutory auditors as well as the invoiced costs;
- overall supervision of risk management and acceptance of the Group Executive Board's risk report addressed to the Board of Directors;
- assisting the Board of Directors in nominating the statutory auditors and the Group auditors for submission to the Annual General Meeting;
- examining the results of internal audits, approving the audit schedule for the following year and nominating the Head of Internal Audit.

The Audit Committee met for two regular meetings in 2018. The meetings lasted three to four hours. All committee members attended both meetings. All of them received the written reports from the internal auditors.

The **Compensation Committee** consists of three members. The Chairman of this committee is This E. Schneider. The other members are Hans-Peter Schwald and Ferdinand Stutz. The committee meets whenever the need arises, but at least twice a year. It draws up the principles for the remuneration of members of the Board of Directors, the Group Executive Board and senior management within the Autoneum Group, in particular bonus programs and share allocation plans (LTI), as well as the Remuneration Report and the proposals concerning the total maximum remuneration amount for the Board of Directors and Group Executive Board to be submitted annually by the Board of Directors for approval by the shareholders at the Annual General Meeting.

The **Nomination Committee** consists of three members. The Chairman is This E. Schneider; the other members are Hans-Peter Schwald and Ferdinand Stutz. The committee meets whenever necessary, but at least twice a year. This committee stipulates the profile of requirements and the principles for selecting members of the Board of Directors and prepares the election of new members of the Group Executive Board and their terms of employment. It is also briefed on succession plans for the Board of Directors, Group Executive Board and senior management and the relevant development plans.

The members of the Compensation and the Nomination Committee held three regular meetings in 2018. The meeting lasted between two and a half and four hours. All committee members attended all meetings. In 2018, no external consultants were present at the committee meetings.

**The Strategy Committee** consists of four members: Hans-Peter Schwald is Chairman; Rainer Schmückle, Norbert Indlekofer and Ferdinand Stutz are the other members. The Strategy Committee usually meets at least twice a year. The meetings are also attended by the CEO and the CFO, and other members of the Group Executive Board and management as appropriate. The main duties of the Strategy Committee are:

- supporting and assisting the Board of Directors in strategic planning, especially in assessing market changes and developments affecting the Group;
- assessing Autoneum's short- and long-term strategic orientation, in particular with regard to markets, customers, competitors, products and technologies;
- support of strategically important projects.

The Strategy Committee met in 2018 for a two-day strategy workshop with the entire Group Executive Board and other members of the management. One regular meeting was postponed to January 2019. All committee members attended the strategy workshop. In 2018, no external consultants were present at the committee meetings.

### **Allocation of authority**

The Board of Directors delegates operational business management to the CEO. The members of the Group Executive Board report to the CEO. The allocation of authority between the Board of Directors and the CEO is stipulated in the Organizational Regulations\*, while details of the tasks reserved for the Board of Directors can be found on pages 53 ff ("Internal Organization"). The cooperation between the Board of Directors, the CEO and the Business Groups is stipulated in the Group's Organizational Regulations\*, which include the following: The CEO draws up the strategic and financial planning and the budget with the Group Executive Board and submits it to the Board of Directors for approval. He reports regularly on the course of business as well as on risks and changes in personnel at the management level. In addition to periodic reporting, he is obliged to inform the Board of Directors immediately about any business transactions of fundamental importance.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

### **Information and control instruments regarding the Group Executive Board**

The Board of Directors receives a written monthly report on the key figures of the Group and the Business Groups from the Group Executive Board. This provides information on the balance sheet, cash flow and income statements as well as on capital expenditure. The figures are compared with the budget and with the previous year. The Board of Directors is also informed at each meeting about the course of business, important projects and risks, as well as ongoing earnings and liquidity development. Should the Board of Directors have to rule on major projects according to the Organizational Regulations\*, a written request is submitted prior to the meeting.

The projects approved by the Board of Directors are monitored within the context of a special project controlling submitted to the Board of Directors every quarter. Once a year, the Board of Directors discusses and decides on the strategic plans drawn up by the Group Executive Board and the financial plan. Financial statements for publication are drawn up twice a year. Furthermore, the Chairman of the Board of Directors has a regular monthly meeting with the CEO and the CFO with respect to all major issues of corporate policy.

The Board of Directors has initiated and implemented a comprehensive internal control system for risk monitoring in connection with business activities, which covers risk identification, analysis and control as well as risk reporting. Refer to pages 90–95 for details on this risk management process and on financial risk management.

The members of the Audit Committee, the CEO, the CFO and appointed members of the management receive the internal audit reports. Internal audit conducted 14 regular audits in 2018. The results were discussed in detail with the Business Groups and the companies concerned, and appropriate measures have been initiated and monitored accordingly.

### **Compliance Program and Code of Conduct**

The Compliance Program of Autoneum is aimed at steering compliance with laws and regulations in order to ensure proper management of the Group and initiates measures for avoidance and early detection of infringements. Further information on compliance and the Code of Conduct can be found at [www.autoneum.com/company/compliance](http://www.autoneum.com/company/compliance).

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

## 4 Group Executive Board

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The Group Executive Board had six members on December 31, 2018: the CEO, the CFO and the four Business Group Heads. For additional information about the Group Executive Board members please refer to pages 62 f.

### **Permissible activities outside the Autoneum Group**

According to §20 of the Articles of Association\*, no member of the Group Executive Board may assume more than four additional mandates. No more than two of these may be held with listed companies; they have to be approved by the Board of Directors prior to acceptance. This restriction does not apply to (a) mandates held with companies that control or are controlled by Autoneum Holding Ltd; (b) mandates assumed by a member of the Group Executive Board by order of Autoneum Holding Ltd or companies under its control; (c) mandates held with companies that do not qualify as companies within the meaning of Art. 727, para. 1, clause 2 of the Swiss Code of Obligations; (d) mandates held with nonprofit organizations and foundations as well as pension funds. The number of mandates pursuant to (c) and (d) is limited to a total of 20. Mandates held with various legal entities that are under joint control or controlled by the same beneficial owner count as one mandate. Mandates held with the supreme management or administrative body of a legal entity that is required to be registered in the commercial register or an equivalent register abroad count as mandates.

### **Management contracts**

There are no management contracts between Autoneum Holding Ltd and third parties.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)





From left to right: Dr Martin Zwysig, John T. Lenga, Martin Hirzel, Andreas Kolf, Fausto Bigi, Matthias Holzammer

## Group Executive Board

### Martin Hirzel (1970)

Chief Executive Officer (CEO)  
Swiss national

**Member of the Group Executive Board** since 2011. **Educational and professional background** Degree in business administration (HWV); General Management Program at Harvard Business School; from 1989 to 1994 Business Unit Controller of IBM (Switzerland) Ltd; from 1997 to 1999 Chief Controller International of Division Textile Systems for Rieter Holding Ltd; from 2000 to 2007 General Manager China of Rieter Holding Ltd; from 2007 to 2011 Head Business Group SAMEA, member of the Executive Committee of the Division Automotive Systems of Rieter Holding Ltd; in the current function since 2011. **Other activities and interests** Member of the Board of Directors of Bucher Industries Ltd; Member of the Executive Committee of Swissmem

### Dr Martin Zwysig (1965)

Chief Financial Officer (CFO)  
Swiss national

**Member of the Group Executive Board** since 2014. **Educational and professional background** Master in Accounting and Finance, Dr oec. HSG, University of St. Gallen; from 1995 to 1997 Controller Swiss Bank Corporation; from 1997 to 2001 Division Controller Sarna Kunststoff Holding Ltd; from 2001 to 2002 Senior Vice President Finance & Controlling EMS-EFTEC; from 2003 to 2008 Group CFO Schaffner Holding Ltd; from 2008 to 2013 Group CFO Ascom Holding Ltd; in the current function since 2014. **Other activities and interests** Vice Chairman of the Board of Directors of Belimo Holding Ltd

### Fausto Bigi (1959)

Head Business Group SAMEA\*  
Brazilian national

**Member of the Group Executive Board** since 2016. **Educational and professional background** Master in Business Administration, INSEAD, France and Graduation in Mechanical Engineering, Brazil; from 1986 to 1993 Senior Manager at Itautec Informatica, Brazil; from 1993 to 2006 various management functions at Valeo Automotive Systems, last assignment as Branch Marketing Director Division Lighting, France; from 2006 to 2008 Purchasing Director South America, Faurecia, Brazil; from 2008 to 2011 Head South America, Rieter Holding Ltd, Brazil; from 2011 to 2012 Deputy Head Business Group SAMEA, Autoneum Holding Ltd, Brazil; from 2012 to 2016 CEO Correias Mercúrio S.A., Brazil; in the current function since 2016

\*As from January 8, 2019 in addition Head Business Group North America a.i.

### Matthias Holzammer (1965)

Head Business Group Europe\*  
German national

**Member of the Group Executive Board** since 2012. **Educational and professional background** Degree in business engineering; from 1993 to 2009 leading functions in operations, plant management and general management at Brose Fahrzeugteile GmbH & Co. KG, Germany, Faurecia Sitztechnik GmbH & Co. KG and at Beru Ltd, Germany; from 2009 to 2011 Managing Director Production for Keiper GmbH & Co. KG (later Johnson Controls), last assignment as General Manager of the Product Business Unit "Metal Region Europe", Germany; in the current function since 2012

\*Until January 31, 2019; as from February 1, 2019 Dr Alexandra Bendler.

### Andreas Kolf (1962)

Head Business Group Asia  
German national

**Member of the Group Executive Board** since 2016. **Educational and professional background** Lawyer; from 1995 to 2001 various management functions at Tiger Wheels Holding, South Africa; from 2002 to 2004 CEO Federal-Mogul Gorzyce S.A., Poland; from 2004 to 2005 Managing Director, Borbet Thüringen GmbH, Germany; from 2005 to 2006 Global Sales Director, Federal-Mogul GmbH, Germany; from 2006 to 2011 Executive Director Operations, Federal-Mogul India; from 2011 to 2013 Director Operations Federal-Mogul Asia Pacific, China; from 2013 to 2016 Vice President and Managing Director Federal-Mogul India; in the current function since 2016

### John T. Lenga (1970)

Head Business Group North America\*  
US national

**Member of the Group Executive Board** since 2015. **Educational and professional background** Master in Arts, Bowling Green State University, USA; from 1994 to 1997 Financial Analyst at Ford Motor Company, USA; from 1997 to 1999 Principal Business Analyst to the CEO for Little Caesar's Enterprises, USA; from 1999 to 2003 Financial Planning and Operational Analysis Leader US/Canada Tower Automotive, USA; from 2003 to 2005 Director of Financial Planning and Operational Analysis; from 2005 to 2007 Business Group Controller of Business Group North America, Rieter Holding Ltd, USA; from 2007 to 2015 Chief Financial Officer Business Group North America, Rieter Holding Ltd / Autoneum Holding Ltd, USA; in the current function since 2015

\*Until January 7, 2019; as from January 8, 2019 Fausto Bigi a.i.

## 5 Remuneration, shareholdings and loans

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The content and process for determining remuneration and equity participation programs as well as information on the remuneration, shareholdings and loans of the Board of Directors and the Group Executive Board can be found in the Remuneration Report from page 128 onwards.

## 6 Shareholders' participatory rights

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### Voting restrictions

Autoneum Holding Ltd imposes no voting restrictions.

### Statutory quorum

General Meetings of Shareholders adopt resolutions with the absolute majority of represented voting shares unless the law or Articles of Association\* stipulate otherwise. Remuneration is approved with the majority of votes cast regardless of potential abstentions.

### Convocation of General Meeting, agenda publication, voting proxies

General Meetings of Shareholders are called through publication in the Swiss Commercial Gazette by the Board of Directors at least 20 days prior to the event, with details of the agenda, pursuant to §8 of the Articles of Association\*. Pursuant to §9 of the Articles of Association\*, shareholders representing shares with a par value of at least CHF 20 000 can request the inclusion on the agenda of an item for discussion, with details of the relevant motions, by a closing date published by the Company. Shareholders who do not attend General Meetings personally can arrange to be represented by another shareholder by written power of attorney or by the independent voting proxy by issuing written power of attorney and instructions pursuant to the signed registration form or electronically via the platform at <https://autoneum.shapp.ch>. The independent voting proxy is elected annually by the Annual General Meeting. Lic. iur. Ulrich B. Mayer, Attorney-at-Law, shall hold office as independent voting proxy until the closure of the 2019 Annual General Meeting.

### Entries in the shareholders' register

In order to ensure an orderly procedure, the Board of Directors fixes the reference date shortly before the shareholders' meeting, by which time shareholders need to be entered in the share register in order to exercise their participation rights at the meeting. This reference date is published in the Swiss Commercial Gazette together with the invitation to the General Meeting.

\*[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)

## 7 Change-of-control and defensive measures

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### **Change-of-control clauses**

There are no change-of-control clauses in Autoneum contracts of employment and office. In the event of a change of control, all shares blocked within the framework of the Executive Bonus Plan are vested.

### **Obligation to submit an offer**

The legal provisions according to Art. 135 of the Financial Market Infrastructure Act (FMIA) are applicable. This states that a shareholder or a group of shareholders acting in concert who hold more than 33% of all shares must submit a takeover offer to the other shareholders.

## 8 Statutory auditors

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### **Duration of mandate and term of office of the lead auditor**

KPMG AG, Zurich, has been the statutory and Group auditor of Autoneum Holding Ltd and the Autoneum Group since the financial year 2011. Reto Benz, licensed audit expert, has been lead auditor for the Autoneum mandate at KPMG since the financial year 2018. The term of office of the lead auditor is limited to seven years.

### **Audit fees and additional fees**

KPMG charged Autoneum approximately CHF 1.1 million for the 2018 financial year for services in connection with auditing the annual financial statements of Group companies, the consolidated Autoneum Group accounts and the Remuneration Report. KPMG also charged Autoneum approximately CHF 1.6 million for additional services in the year under review, mainly for tax and transaction advisory services. Additional auditors received from Autoneum approximately CHF 0.3 million for the 2018 financial year for services in connection with auditing the annual financial statements of Group companies. They also received approximately CHF 0.3 million for additional services in the year under review, mainly for tax advisory services.

### **Information instruments of the external auditors**

The external auditor informs the Audit Committee in writing and verbally at every meeting about relevant auditing activities and other important facts and figures related to the Company. Representatives of the external and internal auditors attend Audit Committee meetings to explain their activities and answer questions. Please also refer to the section on the Audit Committee on page 57. The statutory auditors have access to the minutes of the meetings of the Board of Directors. The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the statutory and Group auditors. It submits a proposal to the Board of Directors regarding who should be proposed for election as statutory auditors at the General Meeting. In addition, the Audit Committee reviews the scope of external auditing, the auditing plans and relevant procedures annually, and discusses auditing results with the external auditors in each case.

## **9 Information policy**

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Autoneum maintains regular, open communication with all stakeholders and relevant parties, in particular with investors, financial analysts and representatives of banks and the media. Communication takes place through the Annual Report and Semi-Annual Report, the Annual General Meeting and one media conference each year.

Shareholders and the capital market are informed by media releases of significant changes and developments in the Company. Share-price-relevant events are published in accordance with the ad hoc publicity requirements of the SIX Swiss Exchange. In addition, Autoneum maintains communication with investors, financial analysts and representatives of the media at corresponding events. Should shareholders and other interested parties wish to automatically receive the media releases, they may register at [www.autoneum.com/media/subscription-media](http://www.autoneum.com/media/subscription-media).

Reporting on the 2018 financial year includes the Annual Report, a media release and a presentation. The Annual Report can be ordered by shareholders using the form enclosed with the invitation to the Annual General Meeting. It is also available for perusal at the Company's headquarters no later than 20 days prior to the Annual General Meeting. At the Annual General Meeting, the Board of Directors and the Group Executive Board provide information on the annual accounts and the course of business and answer shareholders' questions.

## Sources of information

Autoneum provides extensive information to all interested parties. This is available online via the following links:

- Articles of Association Autoneum Holding Ltd:  
[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)
- Organizational Regulations:  
[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)
- Download of Annual Reports incl. Financial Reports:  
[www.autoneum.com/investor-relations/financial-reports](http://www.autoneum.com/investor-relations/financial-reports)
- Order of Annual Reports incl. Financial Reports (printed version):  
[www.autoneum.com/order-publication-2](http://www.autoneum.com/order-publication-2)
- Corporate Governance:  
[www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)
- Corporate Responsibility:  
[www.autoneum.com/corporate-responsibility](http://www.autoneum.com/corporate-responsibility)
- Share price:  
[www.autoneum.com/investor-relations/share](http://www.autoneum.com/investor-relations/share)
- Presentations:  
[www.autoneum.com/investor-relations/financial-reports/#praesentation](http://www.autoneum.com/investor-relations/financial-reports/#praesentation)
- Media releases:  
[www.autoneum.com/media/media-releases](http://www.autoneum.com/media/media-releases)
- Subscription to media releases:  
[www.autoneum.com/media/subscription-media](http://www.autoneum.com/media/subscription-media)
- Contact:  
[www.autoneum.com/contact](http://www.autoneum.com/contact)