

Remuneration Report

1 INTRODUCTION

CONTENT AND BASIS OF THE REMUNERATION REPORT

This remuneration report explains the authority and definition of the remuneration of the members of the Board of Directors and the Group Executive Board as well as Autoneum's remuneration system and how it was applied in the reporting period. Disclosures are made in accordance with the applicable provisions of the Swiss Ordinance against Excessive Remuneration in Listed Companies (ERCO), the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance from *economiesuisse*. The remuneration tables listed under item 4 have been audited by the statutory auditors. In addition, this remuneration report will be submitted to the shareholders at the Annual General Meeting on March 25, 2021 for a consultative vote so that they can express their opinion on the remuneration policy and remuneration systems.

RULES ON REMUNERATION IN THE ARTICLES OF ASSOCIATION

Autoneum's Articles of Association contain provisions on the remuneration principles applicable to the members of the Board of Directors and the Group Executive Board:

- Resolutions and powers of the Annual General Meeting (§12/13)
- Approval of the remuneration of the members of the Board of Directors and the Group Executive Board as well as additional amount for payments to new members of the Group Executive Board appointed by the Board of Directors after the approval of the remuneration (§14)
- Contracts of office and employment of the members of the Board of Directors and the Group Executive Board (§19)
- Number of permissible mandates (§20)
- Election and duties of the Compensation Committee (§23)
- Principles applicable to the fixed and variable performance-related remuneration and to the allocation of shares to the members of the Board of Directors and the Group Executive Board (§24)
- Loans, credit facilities and post-employment benefits for members of the Group Executive Board (§25)

The full text of the Articles of Association (in German) is available online at www.autoneum.com/wp-content/uploads/2017/08/Statuten.pdf.

The maximum aggregate total compensation of the members of the Board of Directors and the Group Executive Board as proposed by the Board of Directors is submitted to the shareholders for approval at the Annual General Meeting each year separately and prospectively for the coming financial year (§14 of the Articles of Association).

2 AUTHORITY AND DEFINITION PROCESS

The basic features of the remuneration policy, the remuneration system and the share-based payment plans are elaborated by the Compensation Committee, reviewed annually and approved by the Board of Directors. No third-party consultants have been engaged for the elaboration of the salary policy or the compensation programs.

The Board of Directors fixes annually the remuneration of the members of the Board of Directors and the Group Executive Board, approves the fixed portion of the remuneration and defines the targets, parameters and other details for the executive bonus and the long-term incentive plans, based on the suggestions of the Compensation Committee and within the limits approved by the shareholders. The Directors, whose remuneration is decided on, also participate in the meeting. The amount of remuneration for the members of the Board of Directors and the Group Executive Board is determined at the discretion of the Board of Directors. In doing so, the Board of Directors takes into consideration function and responsibility, in the case of the Group Executive Board also experience, and incorporates information which is publicly available or known from their own experience.

3 REMUNERATION SYSTEM

REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed annual fee for all their board activities as well as an annual lump sum payment for representation expenses. They receive no variable remuneration.

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 financial year. The shares are allocated in the respective financial year and blocked for three years. The share price applicable for the conversion of the remuneration into shares is based on the average closing price of the ten trading days following the dividend payment or the Annual General Meeting, if no dividend is paid, discounted to reflect a three-year blocking period.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The remuneration structure for the Group's senior management consists of several components and, within a market-based remuneration framework, takes into account the individual performance and the Company's performance in the financial year as well as the creation of long-term, sustainable added value. The remuneration of the Group's senior management including the members of the Group Executive Board consists of a basic salary (fixed remuneration), a variable, performance-related bonus according to the executive bonus plan and the participation in the long-term incentive plan (LTI). To ensure a consistent focus on the long-term interests of the shareholders, a part of the variable remuneration is paid in the form of blocked shares. Due to the three-year blocking period of the allocated shares, this remuneration is linked to the long-term development of the company value of Autoneum.

At the beginning of the 2020 financial year, the Board of Directors approved the one-off and extraordinary participation in a turnaround incentive plan (TIP). In view of the challenges ahead, it is intended to create an incentive system to achieve the medium-term goals set for the turnaround of the Company over the next three years.

BASIC SALARY

The basic salary of the members of the Group Executive Board consists of a fixed annual remuneration. The Board of Directors may define a portion of the basic salary to be paid in Autoneum shares. The number of shares is calculated based on the average closing price during the first ten trading days of the respective year. The shares are allocated in December of the respective year and are blocked for three years.

BONUS

The members of the Group Executive Board may reach a variable, performance-related remuneration of up to 80% of their basic salary in the form of a bonus, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups as well as to the achievement of annually agreed individual targets. The targets set for the CEO and CFO relate to the Group net result margin (weighting 52.5%), Group RONA (22.5%) and individual targets (25%). For the Heads of the Business Groups, the targets relate to the Group net result margin (17.5%), Group RONA (7.5%), EBIT margin of the Business Group (35%), free cash flow of the Business Group (15%) and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the performance-related bonus, while the maximum bonus is achieved at the maximum limit. Between the two limits, the performance-related bonus increases linearly. Irrespective of the other targets, a bonus is only paid if the Group net result is positive. At least 40% of the bonus is paid in Autoneum shares. Each member of the Group Executive Board can opt to receive up to 100% of the bonus in shares and to receive 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 using the average closing price of the first ten trading days in January of the following year.

LONG-TERM INCENTIVE PLAN (LTI)

The LTI allows the Board of Directors to allocate a part of the Group's net result to predefined beneficiaries. Beneficiaries are the members of the Group's senior management including the Group Executive Board. An allocation is only made if the Group's net result is positive and exceeds a defined threshold. The total amount of the Group's net result 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 performance of the Autoneum share price. 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 Compensation Committee.

TURNAROUND INCENTIVE PLAN (TIP)

Beneficiaries of the TIP are the members of the Group's senior management including the Group Executive Board, who were granted an individual, maximum number of Autoneum shares on a one-off basis in the 2020 financial year. 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 and if the targets set for the turnaround are achieved at the end of the term of the TIP. The targets set are based on the profitability (EBIT) and free cash flow of the Group for the financial years 2020 until 2022, both criteria weighted 50% each. Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the transfer of shares. The maximum limit corresponds to the maximum number of shares originally granted. Between the two limits, the actual number of shares transferred increases linearly. The entitlement to the other shares lapses without compensation.

There are no share options or share purchase plans.

PERMISSIBLE ACTIVITIES OUTSIDE THE AUTONEUM GROUP

The Board of Directors decides on directorships of members of the Group Executive Board or the Group's 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.

4 DISCLOSURE OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE BOARD

REMUNERATION OF THE BOARD OF DIRECTORS

In view of the severely impacted business development resulting from the coronavirus pandemic, the members of the Board of Directors have waived half of their fee for the 2020 financial year and, in order to align their remuneration with shareholder interests, have opted to obtain it entirely in Autoneum shares.

The total remuneration paid to the current members of the Board of Directors in the 2020 financial year thus amounts to CHF 741 953. There has been no remuneration to former members of the Board of Directors.

At the 2019 Annual General Meeting a maximum total remuneration to the Board of Directors of CHF 1.75 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Board of Directors or parties related to them. In the 2020 financial year, fees in the amount of CHF 42 358.10 (2019: CHF 44 989) were paid to the law firm managed by the Chairman of the Board of Directors for legal services provided.

The total of all remuneration paid to the members of the Board of Directors is composed as follows:

Board of Directors	2020			2019				
	Fixed remuneration		Other ¹	Fixed remuneration		Other ¹	Total	
CHF	in cash	in shares ²	Total	in cash	in shares ³	Total	Total	
Hans-Peter Schwald Chairman	-	184 556	13 560	198 116	-	369 122	22 428	391 551
Rainer Schmückle Vice Chairman	-	119 063	-	119 063	50 000	178 600	-	228 600
Norbert Indlekofer	-	77 418	5 771	83 189	83 074	55 890	9 807	148 771
Michael W. Pieper	-	59 501	2 702	62 203	-	118 984	5 814	124 798
This E. Schneider	-	89 282	4 600	93 882	-	178 600	9 177	187 776
Peter Spuhler	-	59 501	4 435	63 936	-	118 984	8 073	127 056
Ferdinand Stutz	-	113 131	8 433	121 564	140 000	59 492	13 974	213 465
Total	-	702 452	39 501	741 953	273 074	1 079 672	69 273	1 422 017

¹ Other remuneration includes the employer's portion of social insurance contributions.

² The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the 2020 Annual General Meeting (CHF 60.53). The transfer took place after deduction of social security contributions and withholding taxes.

³ The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the dividend payment in 2019 (CHF 124.20). The transfer took place after deduction of social security contributions and withholding taxes.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The drop in revenue and earnings caused by the coronavirus pandemic has prompted the Group Executive Board to take comprehensive cost-cutting measures across the Group. As part of the reduction of personnel costs, a three-month wage sacrifice of 10% of the basic salary was implemented for the Group Executive Board.

In the 2020 financial year, the criteria for the payment of a bonus and the allocation of an LTI were not met, so that no corresponding payments or share allocations were made. The value of the TIP is calculated by the maximum number of shares granted multiplied by the share price on the day the allocation is made. The actual number of shares transferred is calculated after the end of the vesting period at the end of February 2023 taking into account the turnaround targets.

The total remuneration paid to the members of the Group Executive Board in the 2020 financial year thus amounts to CHF 4 411 500, thereof CHF 898 563 to the CEO, who receives a part of his basic salary in shares. The total remuneration of CHF 4 411 500 also includes remuneration paid to the following former members of the Group Executive Board, who resigned in 2019: Martin Hirzel and Dr Martin Zwysig.

At the 2019 Annual General Meeting a maximum total remuneration to the Group Executive Board of CHF 8.5 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Group Executive Board or parties related to them.

The total remuneration paid to the members of the Group Executive Board is composed as follows:

Group Executive Board	Fixed remuneration		Variable remuneration		LTI	TIP ¹	Other ²	Total
	in cash	in shares ³	in cash	in shares				
2020								
CHF	in cash	in shares ³	in cash	in shares				
All members	3 127 056	72 077	–	–	–	156 947	1 055 421	4 411 500
Thereof								
Matthias Holzammer	657 150	72 077	–	–	–	35 995	133 342	898 563
2019								
CHF	in cash	in shares ⁴	in cash	in shares				
All members	3 334 045	88 805	152 967	–	–	–	1 118 776	4 694 592
Thereof Martin Hirzel ⁵	674 000	72 154	–	–	–	–	137 161	883 315

¹ The maximum number of shares was multiplied by the applicable share price of CHF 58.15 for the rights granted in April 2020; the vesting period ends at the end of February 2023.

² Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

³ The applicable share price during the defined period was CHF 113.15.

⁴ The applicable share price during the defined period was CHF 158.58.

⁵ CEO until October 7, 2019.