

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 23, 2022 for a consultative vote so that they can express their opinion on the remuneration policy and remuneration system.

RULES ON REMUNERATION IN THE ARTICLES OF ASSOCIATION

The Articles of Association of Autoneum Holding Ltd 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 an 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 retirement 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 members of the Board of 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 their entire 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), with a vesting period ending at the end of February 2023. According to the plan provisions, shares were granted exclusively in the 2020 financial year.

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.

The Board of Directors amended the executive bonus plan by adding Environmental Social Governance (ESG) criteria with effect as of the 2022 financial year. These criteria will be weighted at 10%, at the same time, the weighting of the individual targets at CEO, CFO and Business Group level will be 15% (previously 25%). The weightings of the other targets remain unchanged. This change is intended to strengthen the company's focus on the importance of sustainability as well as on social and environmental matters even more for the success of the company.

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)

The members of the Group's senior management including the Group Executive Board 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.

SHARE OPTIONS AND SHARE PURCHASE PLANS

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. If the directorships are exercised outside the contractual working time, the director's remunerations 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

The total remuneration paid to the current members of the Board of Directors in the 2021 financial year amounts to CHF 1 501 180. There has been no remuneration to former members of the Board of Directors.

At the 2020 Annual General Meeting a maximum total remuneration to the Board of Directors of CHF 1.75 million was awarded for the 2021 financial year, thus the remuneration for 2021 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 2021 financial year, fees in the amount of CHF 38 859.00 (2020: CHF 42 358.10) were paid for legal services to the law firm for which the Chairman of the Board of Directors acts as senior partner.

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

Board of Directors	2021				2020			
	Fixed remuneration		Other ¹	Total	Fixed remuneration		Other ¹	Total
	in cash	in shares ²			in cash	in shares ³		
CHF								
Hans-Peter Schwald Chairman	-	369 035	23 676	392 711	-	184 556	13 560	198 116
Rainer Schmückle Vice Chairman	120 000	95 241	-	215 241	-	119 063	-	119 063
Liane Hirner ⁴	-	116 069	-	116 069	-	-	-	-
Norbert Indlekofer	62 739	80 109	9 642	152 489	-	77 418	5 771	83 189
Michael W. Pieper	-	119 095	5 483	124 578	-	59 501	2 702	62 203
This E. Schneider	75 000	89 188	8 881	173 069	-	89 282	4 600	93 882
Peter Spuhler ⁵	25 000	-	1 893	26 893	-	59 501	4 435	63 936
Oliver Streuli ⁶	65 000	38 630	7 617	111 247	-	-	-	-
Ferdinand Stutz	120 000	56 432	12 450	188 882	-	113 131	8 433	121 564
Total	467 739	963 800	69 641	1 501 180	-	702 452	39 501	741 953

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 2021 Annual General Meeting (CHF 178.02). 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 2020 Annual General Meeting (CHF 60.53). The transfer took place after deduction of social security contributions and withholding taxes.

⁴ Member of the Board of Directors from 25.03.2021.

⁵ Member of the Board of Directors until 25.03.2021.

⁶ Member of the Board of Directors from 25.03.2021.

The change in the Board of Directors' remuneration compared to the previous year is mainly caused by the fact that in the 2020 financial year, due to the coronavirus pandemic, the members of the Board of Directors waived half of their fee entitlement, and that they received the remaining amount entirely in Autoneum shares. In addition, the Board of Directors was expanded by one member at the Annual General Meeting 2021.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

In the 2021 financial year, the total remuneration paid to the members of the Group Executive Board amounts to CHF 5 645 026, thereof CHF 1 546 113 to the CEO, who receives a part of his basic salary in shares. There has been no remuneration to former members of the Group Executive Board.

At the 2020 Annual General Meeting a maximum total remuneration to the Group Executive Board of CHF 8.5 million was awarded for the 2021 financial year, thus the remuneration for 2021 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 ¹	TIP ²	Other ³	Total
2021								
CHF	in cash	in shares ⁴	in cash	in shares ⁵				
All members	2 469 838	72 150	832 450	1 074 156	165 892	-	1 030 540	5 645 026
Thereof Matthias Holzammer	674 000	72 150	198 424	416 664	52 658	-	132 218	1 546 113
2020								
CHF	in cash	in shares ⁶	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

¹ For the 2021 financial year, 2.5% of Group net profit has been allocated. The rights to be allocated in April 2022 will vest end of February 2025.

² 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.

³ Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

⁴ The applicable share price during the defined period was CHF 164.35.

⁵ 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 2022 (CHF 184.12).

⁶ The applicable share price during the defined period was CHF 113.15.

The change in the remuneration of the Group Executive Board members compared to the previous year is mainly based on the fact that for the 2020 financial year, neither a bonus was paid nor an LTI allocated. In addition, due to the coronavirus pandemic, the Group Executive Board waived 10% of their basic salary over a period of three months in 2020. On the other hand, the total remuneration in the 2020 financial year also included payments to former members of the Group Executive Board who left in 2019.



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, 2021.

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 of the Board of Directors” and “Remuneration of the Group Executive Board” on pages 130 to 131 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, 2021 of Autoneum Holding Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Kathrin Schünke
Licensed Audit Expert

Zurich, March 1, 2022

Review 2017 – 2021

CONSOLIDATED INCOME STATEMENT

CHF million	2021	2020	2019	2018	2017 ¹
Revenue	1 700.4	1 740.6	2 297.4	2 281.5	2 205.4
BG Europe	636.9	641.8	900.9	984.5	886.2
BG North America	687.0	753.5	1 001.8	921.8	963.8
BG Asia	281.0	254.1	275.7	260.3	241.9
BG SAMEA ²	94.7	88.4	125.8	111.5	114.1
EBITDA	179.8	148.5	164.0	197.2	257.8
in % of revenue	10.6%	8.5%	7.1%	8.6%	11.7%
EBIT	57.5	27.8	-32.9	114.1	179.9
in % of revenue	3.4%	1.6%	-1.4%	5.0%	8.2%
Net result	30.1	-10.7	-77.7	74.7	118.9
in % of revenue	1.8%	-0.6%	-3.4%	3.3%	5.4%
Return on net assets in % (RONA)	4.5%	1.3%	-3.9%	7.8%	15.0%
Return on equity in % (ROE)	7.0%	-2.3%	-13.8%	11.6%	19.4%

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

Non-current assets	942.1	1 002.0	1 174.7	897.5	853.0
Current assets	559.9	806.1	664.4	703.8	689.9
Equity attributable to shareholders of AUTN	357.4	309.7	389.1	519.3	545.7
Equity attributable to non-controlling interests	93.8	103.9	109.9	108.4	112.6
Total shareholders' equity	451.2	413.6	498.9	627.7	658.3
Non-current liabilities	493.9	874.1	748.0	423.1	348.6
Current liabilities	556.9	520.3	592.2	550.6	536.0
Total assets	1 502.0	1 808.1	1 839.1	1 601.3	1 542.9
Net debt ³	251.4	271.7	335.0	262.7	162.4
Shareholders' equity in % of total assets	30.0%	22.9%	27.1%	39.2%	42.7%

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities	100.4	149.7	119.2	124.0	145.2
Cash flows used in investing activities	-29.3	-37.2	-129.1	-164.7	-195.7
Cash flows (used in)/from financing activities	-288.7	122.3	17.5	34.3	5.4
Employees at December 31 ⁴	11 840	12 774	13 128	12 946	12 133

¹ Restated.

² Including South America, Middle East and Africa.

³ Net debt excl. lease liabilities at December 31.

⁴ Full-time equivalents including temporary employees (excluding apprentices).

INFORMATION FOR INVESTORS

CHF million	2021	2020	2019	2018	2017 ¹
Number of issued shares	4 672 363	4 672 363	4 672 363	4 672 363	4 672 363
Share capital of Autoneum Holding Ltd	0.2	0.2	0.2	0.2	0.2
Net result of Autoneum Holding Ltd	54.9	24.3	29.7	21.4	51.9
Market capitalization at December 31	788.5	749.6	539.9	685.8	1 306.6
in % of revenue	46.4%	43.1%	23.5%	30.1%	59.2%
in % of equity attr. to shareholders of AUTN	220.6%	242.0%	138.8%	132.1%	239.5%

DATA PER SHARE (AUTN)

CHF	2021	2020	2019	2018	2017 ¹	
Basic earnings per share	4.91	-5.45	-20.82	11.83	19.53	
Dividend per share ²	1.50	-	-	3.60	6.50	
Shareholders' equity per share ³	76.92	66.77	83.73	111.62	117.25	
Share price at December 31	169.70	161.60	116.20	147.40	280.75	
Share price development during the year	High	201.00	167.50	174.30	317.00	298.00
	Low	133.30	50.00	91.65	130.00	228.80

¹ Restated.

² As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.

³ Equity attributable to shareholders of Autoneum Holding Ltd per share outstanding at December 31.