

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 Swiss law, 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, 2023 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 is available online at <https://www.autoneum.com/investor-relations/corporate-governance/#articles-of-association>.

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 Group'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.

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.

With effect as of the 2022 financial year, to strengthen the Group's focus on the importance of sustainability as well as on social and environmental matters even more for the success of the Group, the Board of Directors has amended the executive bonus plan by adding the following Environmental Social Governance (ESG) target criteria:

- Scope 1* emissions (direct greenhouse gas emissions from consumption of fossil fuels);
- Scope 2* emissions (indirect greenhouse gas emissions from purchased electricity, excluding renewable electricity);
- Non-hazardous waste (reduce non-hazardous waste);
- Accident Frequency Rate (AFR) (no accidents).

These criteria are weighted 10% in total, while at the same time the weighting of the individual targets is reduced to 15% (previously 25%). The weightings of the financial targets remain unchanged.

Thus, the targets set for the CEO and CFO are composed of the Group net result margin (weighting 52.5%), Group RONA (22.5%), individual targets (15%) and ESG targets at Group level (10%). For the Heads of the Business Groups, the targets are composed of 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%), individual targets (15%) and ESG targets at Business Group level (10%).

* According to the definition of the Greenhouse Gas Protocol

Minimum and maximum limits are defined for the weighted targets. In general, the achievement of the minimum limit is a condition for the performance-related bonus, while the maximum bonus is achieved at the maximum limit. However, for ESG criteria the principle of “the lower, the better” applies. For all targets, the performance-related bonus increases linearly between the two defined limits, with the exception of the Accident Frequency Rate (AFR), where 100% is achieved if the result is equal or smaller than the defined lower limit, 50% is achieved if the result is between the lower and/or equal to the higher limit, and 0% is reached, if the result exceeds the higher limit.

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.

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 2022 financial year amounts to CHF 1 429 070. There has been no remuneration to former members of the Board of Directors.

At the 2021 Annual General Meeting a maximum total remuneration to the Board of Directors of CHF 1.75 million was awarded for the 2022 financial year, thus the remuneration for 2022 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 2022 financial year, fees in the amount of CHF 39 816.10 (2021: CHF 38 859.00) 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	2022				2021			
	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	–	369 147	20 690	389 837	–	369 035	23 676	392 711
Rainer Schmückle Vice Chairman	200 000	–	–	200 000	120 000	95 241	–	215 241
Liane Hirner ⁴	–	154 753	–	154 753	–	116 069	–	116 069
Norbert Indlekofer	112 673	66 809	12 428	191 910	62 739	80 109	9 642	152 489
Michael W. Pieper	–	119 041	5 416	124 456	–	119 095	5 483	124 578
This E. Schneider ⁵	–	40 085	1 803	41 888	75 000	89 188	8 881	173 069
Peter Spuhler ⁶	–	–	–	–	25 000	–	1 893	26 893
Oliver Streuli ⁷	65 000	77 376	9 742	152 118	65 000	38 630	7 617	111 247
Ferdinand Stutz	135 000	29 760	9 347	174 107	120 000	56 432	12 450	188 882
Total	512 673	856 971	59 426	1 429 070	467 739	963 800	69 641	1 501 180

¹ Other remuneration includes the employer's portion of social security 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 2022 dividend payment (CHF 121.47). 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 2021 Annual General Meeting (CHF 178.02). 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 23.03.2022.
⁶ Member of the Board of Directors until 25.03.2021.
⁷ 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 the Board of Directors was reduced by one member at the Annual General Meeting 2022 as well as because of the different proportion received in shares.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

In the 2022 financial year, the total remuneration paid to the members of the Group Executive Board amounts to CHF 5 174 744, thereof CHF 1 353 518 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 2021 Annual General Meeting a maximum total remuneration to the Group Executive Board of CHF 8.5 million was awarded for the 2022 financial year, thus the remuneration for 2022 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	Other ²	Total
2022							
CHF	in cash	in shares ³	in cash	in shares ⁴			
All members	2 603 403	72 175	330 685	1 028 966	–	1 139 515	5 174 744
Thereof Matthias Holzammer	688 920	72 175	–	426 745	–	165 678	1 353 518
2021							
CHF	in cash	in shares ⁵	in cash	in shares ⁶			
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

¹ For the 2022 financial year, not all criteria for allocation of the LTI 2022 were met. For the 2021 financial year, 2.5% of Group net profit has been allocated. The rights allocated in April 2022 will vest end of February 2025.

² Other remuneration includes the employer's portion of social security 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 184.12.

⁴ 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 2023 (CHF 114.84).

⁵ The applicable share price during the defined period was CHF 164.35.

⁶ 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).

The change in the remuneration of the Group Executive Board members compared to the previous year is mainly based on the fact that the financial targets for the bonus within the Group were only partially achieved in the 2022 financial year due to lower production volumes, the significant inflation and cost increases. Additionally, the LTI 2022 does not draw because not all conditions for allocation were met.



Report of the Statutory Auditor

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Autoneum Holding Ltd (the Company) for the year ended December 31, 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables "Remuneration of the Board of Directors" and "Remuneration of the Group Executive Board" on pages 134 to 135 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables "Remuneration of the Board of Directors" and "Remuneration of the Group Executive Board" in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge



Kathrin Schünke
Licensed Audit Expert

Zurich, February 28, 2023

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