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Important Dates

Profitable growth at market level

Dear shareholders

2017 was a year of solid growth for Autoneum. The globally operating Company with production sites in all major automobile markets grew in line with the market and was able to maintain its profitability at the previous year's high level. Drivers of the Group's earnings were the profitability increase of Business Group Europe and the turnaround of Business Group SAMEA (South America, Middle East and Africa), achieved as a result of the ongoing restructuring measures. For the 2017 financial year, the Board of Directors proposes a dividend of CHF 6.50 per share which represents a dividend payout on previous year's level, although the 2016 net profit was positively influenced by a special effect.

Revenue growth despite market decline in North America

Compared to the previous year, global automobile production lost considerable momentum in 2017. The number of light vehicles produced worldwide only increased by around 2% to 95 million. While the production growth rates in Europe and Asia were on a similar level, the SAMEA region showed its first significant recovery in some time due to the strong growth in production in the key market of Brazil. These market dynamics were also reflected in Autoneum's revenue: In Europe, Asia and the SAMEA region, Autoneum increased revenue notably and was thereby able to offset the cyclical and demand-related decline in the USA, the key market of North America, and Canada. Revenue adjusted for currency and divestment effects improved on a par with the market by 2.4%. Revenue consolidated in Swiss francs rose by 2.3% from CHF 2 152.6 million in 2016 to CHF 2 203.0 million.

Profitability at high prior-year level

Despite the significant reduction in vehicle production in North America, the region in which Autoneum generates the largest share of revenue, the Company was able to maintain in 2017 the high level of profitability achieved in the



Hans-Peter Schwald
Chairman of the Board



Martin Hirzel
Chief Executive Officer



In 2017, Autoneum recorded
an organic revenue growth of 2.4%
in line with market.

previous year. Thus, EBITDA before special effects increased by CHF 10.9 million to CHF 255.9 million. In reaching 11.6% for the first time in a full year, the 2017 EBITDA margin was at a new record high. Further efficiency enhancements in production and nearly maximum capacity utilization in Europe as well as the turnaround of Business Group SAMEA contributed to this pleasing result. In 2016, the result was affected by the gain from disposal of the UGN business in Chicago Heights (Illinois), USA, in the amount of CHF 33.2 million and an impairment loss in the amount of CHF 4.3 million due to the adaptation of the South American production capacity. EBIT totaled CHF 178.0 million (2016 before special effects: CHF 175.6 million). At 8.1%, the EBIT margin once again surpassed the 8% mark in 2017, but fell slightly short of the prior-year figure due to the volume decline in North America.

Equity ratio further improved

Compared to the CHF 133.8 million net profit for the previous year, which had been positively impacted by special effects, this key figure fell by CHF 15.3 million to CHF 118.5 million in 2017. On a comparable basis and adjusted for the above-mentioned special effects, net profit exceeded the prior-year result of CHF 117.0 million. Owing to the year-on-year increase in net working capital, the cash flow from operating activities has declined to CHF 145.2 million (2016: CHF 194.1 million). At 16.2%, the return on net assets (RONA) did not reach the prior-year level (2016: 19.6% before special effects) due to the increased investments in tangible assets and higher net working capital, but once again far exceeded the average cost of capital of 8.2%. As a result, the cost of capital employed was more than covered. The growth-related investments, which increased compared to the previous year, reduced the free cash flow, resulting in a rise of the Company's net debt to CHF 183.3 million (2016: CHF 57.4 million). The equity ratio improved further to 39.6% (2016: 38.4%). Earnings per share amounted to CHF 19.61 (2016: CHF 19.26 before special effects).

Following the issuance of a bond in the amount of CHF 75 million in 2016, an additional bond in the amount of CHF 100 million was successfully placed on the capital market in 2017. In combination with the syndicated loan of CHF 150 million, which was adjusted and extended in 2017, the financing of the growth planned for the coming years has thus been secured at favorable conditions.

Investments in the mobility of the future

In 2017, Autoneum made substantial investments in global, demand-driven capacity building and expansion, vertical integration and the introduction of new technologies at various sites. Investments in tangible assets added up to CHF 173.6 million and thus far exceeded the already high volume of the previous year (2016: CHF 137.5 million).

In line with the "Accelerate Asia" growth strategy, the Company is expanding significantly in China. Four new plants will be put into operation in the world's largest automobile market before the end of 2018. Since November 2017,



The EBIT margin again exceeded the 8% mark.

carpet systems, inner dashes and wheelhouse outer liners are being produced in series for US-American and Chinese automobile manufacturers in the Eastern Chinese city of Yantai (Shandong province) and in Changsha (Hunan province) in central China. Autoneum has further extended production capacities in San Luis Potosí in Mexico, where series production will start in summer 2018 for two German premium car manufacturers. For the first time since Autoneum became independent in 2011, the demand for lightweight and multifunctional acoustic and thermal management components has necessitated the construction of a new plant in Europe. The facility, which is located in the Hungarian city of Komárom near the border with Slovakia, will officially be opened in May 2018. In 2017, investments were also made in optimized development and production sites for the Ultra-Silent underbody technology in Germany and Switzerland and in carpet production lines in Jeffersonville (Indiana), USA.

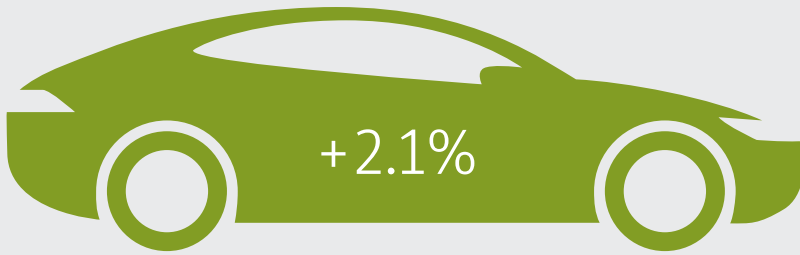
With noise-reducing innovations such as Di-Light for carpet systems and Hybrid-Acoustics ECO+, Autoneum is taking account of increasing demand for lightweight components for new mobility concepts. Thus, Autoneum expanded its product portfolio for electric vehicles in 2017 by Hybrid-Acoustics ECO+, a technology for carpet systems as well as inner dashes and floor insulators. Components made from Hybrid-Acoustics ECO+ are especially popular with e-car manufacturers. They not only offer optimal noise protection but also reduce the battery-related higher vehicle weight which contributes to a greater driving range of e-models.

Board of Directors proposes dividend of CHF 6.50

At the Annual General Meeting of Autoneum Holding Ltd on March 30, 2017 Norbert Indlekofer was newly elected to the Board of Directors. With the appointment of Indlekofer, a German citizen and experienced automobile expert, the Board of Directors has been expanded from six to seven members. Despite the omission of the dividend contribution from special effects, at the Annual General Meeting on March 28, 2018 the Board of Directors of Autoneum Holding Ltd will propose a dividend of CHF 6.50 per share, which is unchanged from the previous year.

Business Groups

Business Group Europe continued its growth course in 2017. Revenue in local currencies increased well above the market by 4.7%. In Swiss francs, revenue rose by 6.5% to CHF 887.2 million (2016: CHF 833.4 million). EBIT improved by CHF 16.2 million to CHF 74.9 million, equating to an EBIT margin of 8.4%. The very good level of capacity utilization with correspondingly high coverage of fixed costs, a strong operational performance with further optimized production processes and increased vertical integration were decisive for this new all-time high.



95 094 662

In 2017, global light vehicle production increased by 2.1% to 95 million cars.

Financial highlights

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CHF million	2017		2016		Change	Organic growth ¹
Autoneum Group						
Revenue	2 203.0	100.0%	2 152.6	100.0%	2.3%	2.4%
EBITDA	255.9	11.6%	278.1	12.9%	-8.0%	
EBITDA adjusted ²	255.9	11.6%	245.0	11.4%	4.5%	
EBIT	178.0	8.1%	204.5	9.5%	-13.0%	
EBIT adjusted ^{2,3}	178.0	8.1%	175.6	8.2%	1.3%	
Net profit	118.5	5.4%	133.8	6.2%	-11.4%	
Net profit adjusted ^{2,3}	118.5	5.4%	117.0	5.4%	1.3%	
Return on net assets (RONA) ⁴	16.2%		21.5%			
Return on net assets (RONA) adjusted ^{2,3,4}	16.2%		19.6%			
Cash flows from operating activities	145.2		194.1			
Net debt at December 31	183.3		57.4			
Number of employees at December 31 ⁵	12 133		11 725		3.5%	
BG Europe						
Revenue	887.2	100.0%	833.4	100.0%	6.5%	4.7%
EBIT	74.9	8.4%	58.7	7.0%		
BG North America						
Revenue	966.3	100.0%	1 018.7	100.0%	-5.1%	-4.6%
EBIT	63.2	6.5%	119.1	11.7%		
EBIT adjusted ²	63.2	6.5%	85.9	8.4%		
BG Asia						
Revenue	235.9	100.0%	210.7	100.0%	12.0%	14.0%
EBIT	27.4	11.6%	27.7	13.1%		
BG SAMEA⁶						
Revenue	114.1	100.0%	93.5	100.0%	22.0%	29.6%
EBIT	0.9	0.8%	-13.4	-14.3%		
EBIT adjusted ³	0.9	0.8%	-9.1	-9.8%		
Share AUTN						
Share price at December 31 in CHF	280.75		267.25		5.1%	
Market capitalization at December 31	1 306.6		1 243.4		5.1%	
Basic earnings per share in CHF	19.61		20.61		-4.8%	
Dividend per share in CHF ⁷	6.50		6.50		-	

¹ Change in revenue in local currencies, adjusted for the disposal of the Betim plant (Minas Gerais), Brazil, in 2017 and the disposal of the UGN business in Chicago Heights (Illinois), USA, in 2016.

² Before gain from disposal of the UGN business in Chicago Heights in the amount of CHF 33.2 million (CHF 21.1 million after income taxes) in 2016.

³ Before impairment loss due to the adaptation of the South American production capacity in the amount of CHF 4.3 million in 2016.

⁴ Net profit before interest expenses in relation to average shareholders' equity plus borrowings.

⁵ Full-time equivalents including temporary employees (excluding apprentices).

⁶ Including South America, Middle East and Africa.

⁷ As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.

The market slump in the USA and Canada and the associated reduction in call-offs at Autoneum led to a decline in revenue at Business Group North America of -4.6%, adjusted for currency and divestment effects. In Swiss francs, the revenue of the Company's largest Business Group totaled CHF 966.3 million (2016: CHF 1 018.7 million). The decline in revenue but also investments especially in production capacities in the growth market of Mexico impacted the EBIT, which at CHF 63.2 million (2016: CHF 85.9 million before special effects) was below the prior-year level.

Thanks to high-volume orders from Japanese, European and US-American customers, Business Group Asia's revenue again surpassed market growth many times over in 2017. Revenue in local currencies increased by 14.0% and consolidated in Swiss francs by 12.0% to CHF 235.9 million (2016: CHF 210.7 million). Expansion-related capacity building and higher raw material prices were reflected in the EBIT, which is why the EBIT margin of 11.6% did not reach the previous year's level, but represents a sustainable level in the long term.

Business Group SAMEA (South America, Middle East and Africa) not only continued the upward trend of the previous year, but even significantly expanded it. It recorded organic revenue growth of 29.6% that remarkably exceeded the already dynamic market development of this region. In Swiss francs, revenue increased by 22.0% to CHF 114.1 million (2016: CHF 93.5 million). Higher production quantities in Brazil and Argentina as well as high-volume export business in Turkey and South Africa were the main reasons for these above-average growth rates. Operational efficiency gains at the South American production facilities and continued restructuring measures made a major contribution to the CHF 10.0 million improvement in EBIT of CHF 0.9 million before special effects. Thereby, this Business Group returned to the profit zone for the first time again.

Outlook

In view of the once again very modest growth in global light vehicle production forecasted for 2018, Autoneum expects organic revenue growth of around 3% and thus above market. Despite challenging major automotive markets as well as rising raw material prices, Autoneum expects profitability to remain on a high level and the operating margin (EBIT) to be at around 8%.

Thank you

On behalf of the Board of Directors and the Group Executive Board, we would like to thank the shareholders for their confidence in Autoneum and our business partners for successful collaboration. This year again, particular thanks are due to the more than 12 000 Autoneum employees worldwide, whose tireless commitment is exemplary and sets our company apart.

Winterthur, March 6, 2018



Hans-Peter Schwald
Chairman of the Board



Martin Hirzel
Chief Executive Officer

A Look Back

2017 Highlights

In 2017, Autoneum paved the way to help shape the mobility of the future as the global market leader in the field of vehicle acoustic and thermal management. Last year, the Company invested in the expansion of its global presence and its innovation leadership in particular. These are not only part of Autoneum's DNA, but also guarantors of the Company's profitable growth – today and tomorrow.

January

A hand is shown holding a white ribbon, which is draped across the right side of the image. The background is a soft, out-of-focus blue, suggesting an industrial or laboratory setting. The overall mood is clean and professional.

Opening of “Competence Center New Mobility” in Sunnyvale, USA

Against the backdrop of new industry trends such as electromobility, autonomous driving and digitalization, Autoneum has assumed a pioneering role in the development of lightweight products and technologies for various vehicle drives with its “Competence Center New Mobility” in California’s Silicon Valley. This ensures that both established and new automobile manufacturers will benefit from the innovative product portfolio of Autoneum as the global market leader in acoustic and thermal management in the future.





February

Carpet innovation Di-Light for increased driving comfort

All in one: Needle-punch carpets made of Di-Light are not only sound-absorbing and resilient, they also have an attractive appearance. Furthermore, Di-Light-based carpets weigh less than standard needle-punch carpets yet maintain the same acoustic characteristics. Thereby Di-Light also lowers fuel consumption and emissions. Di-Light carpet systems are made almost entirely of recycled PET, thus contributing to its excellent environmental performance.



March



Annual General Meeting raises dividend to CHF 6.50

388 shareholders attended the Annual General Meeting of Autoneum Holding AG in Winterthur on March 30. The shareholders not only agreed to increase the dividend but also to elect Norbert Indlekofer as the seventh member of the Board of Directors.

April




Five-year anniversary of the Katowice development center in Poland

The development center opened in 2012 in the Polish city of Katowice is one of six such centers located worldwide, in Europe, North and South America as well as in Asia. It is home to a prototype workshop and measurement laboratory in which customized components for the engine bay and interior floor are being developed, tested and manufactured. The acoustic experts working there place particular focus on lightweight components made from Theta-Cell that set themselves apart by virtue of their high heat resistance.

May

autoneum

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The image shows the exterior of a modern building with a large glass facade and a prominent blue cylindrical column. The building's facade is composed of light-colored panels and large glass windows. The sky is a clear, bright blue. The overall scene is brightly lit, suggesting a sunny day.

New North American headquarters opened in Novi, USA

At its North American headquarters in Novi (Michigan), USA, Autoneum brings together the research and development activities for the North American market and the management of its Business Group North America. In Novi, vehicle predevelopment studies are being conducted for customers in addition to the development and adaptation of noise- and heat-reducing vehicle components created for regional market requirements. Close proximity of the new Administrative and Technical Center to the automotive hub in Detroit ensures intense collaboration between Autoneum and its customers and suppliers.

June

A close-up photograph of a dark blue, fibrous acoustic material. The material has a dense, textured appearance with some lighter-colored fibers visible. A circular hole is cut into the material, revealing a lighter, possibly white or light grey, surface underneath. The lighting is dramatic, highlighting the texture and the edges of the hole.

Enjoy the silence with Hybrid-Acoustics ECO+

Autoneum extended its product portfolio for electric vehicles with the addition of Hybrid-Acoustics ECO+ for carpet systems, inner dashes and floor insulators. Hybrid-Acoustics ECO+ is based on an innovative, noise-reducing fibrous material that provides ideal sound protection. Components made of Hybrid-Acoustics ECO+ likewise provide thermal insulation which also has a positive effect on climate control and the associated need for battery power. This enables Hybrid-Acoustics ECO+ to also make a contribution to an increased driving range for electric vehicles.



July

Participants record at Automotive Acoustics Conference

On July 11 and 12, more than 250 participants met to discuss challenges associated with trends such as electromobility at the world's prime conference for automotive acoustics in Ruschlikon (Zurich), Switzerland. At this conference, which was scientifically led by Autoneum, numerous special presentations and workshops provided information about new mobility trends and innovations in the field of acoustic management to experts from automobile manufacturers, suppliers and research institutes.





First Corporate Responsibility Report published

By managing human and natural resources responsibly, Autoneum aims at making a decisive contribution to a sustainable future. Against this backdrop, the Company created a Group-wide function for Corporate Responsibility in 2017 and published its first Corporate Responsibility Report for the 2016 financial year in accordance with the requirements of the Global Reporting Initiative (GRI), the leading global standard in sustainability reporting.

August

Learning centers for a better future

In 2017, Autoneum launched its first global philanthropy project by engaging in the Bookbridge program. The objective of Bookbridge is to establish learning centers in developing countries. Within a part-time project, Autoneum employees worked locally in Mongolia and Cambodia on the conception and development of these centers. The learning centers create jobs and the participants also benefit from the growth and expansion of their entrepreneurial skills.





September



New record high: 100th Alpha Cabin sold

For more than 50 years, Autoneum has been setting standards in the field of vehicle acoustics with its measurement systems. Today, Autoneum's measurement systems are used by both automobile manufacturers and competitors alike. In 2017, Autoneum sold its 100th Alpha Cabin measurement system, developed exclusively at the research center in Winterthur, Switzerland, to a Japanese automotive supplier. In addition to this milestone, the Company set another record: Never before have so many Alpha Cabin systems been sold in a single year.





October



JAPAN



Tokyo ★



New joint venture for research and development in vehicle acoustics

In the reporting year, Autoneum and Japanese automotive suppliers Nittoku and Toyota Boshoku decided to expand their existing collaboration in the form of a joint venture for research and development in vehicle acoustics. As of 2018, Toyota will benefit as a first customer from this bundled expertise through pre-development studies as well as through innovative components for optimized vehicle acoustics. 2017 also represents a milestone for the partnership between Autoneum and Nittoku: 50 years of successful collaboration. Today, Autoneum and Nittoku profitably operate seven joint venture companies with eleven plants in China, India, Indonesia, Mexico, Thailand and the USA.

November

Expansion in growth market China

In response to strong customer demand, Autoneum is significantly expanding its production capacities with four new plants in China, the highest-volume automotive market worldwide. Series production of inner dashes and carpet systems is already underway at the plant in Yantai (Shandong province), which only opened in November. In the future, around 250 000 vehicles from Chinese manufacturers will be equipped with components from Yantai on an annual basis.





December

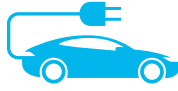
Autoneum enters Iran market

By concluding a license agreement with the Iranian automotive supplier Ayegh Khodro Toos on the production of innovative components for noise and heat protection in 2017, Autoneum now offers its sought-after product portfolio also in the growing Iranian market. In the future, Ayegh Khodro Toos will produce carpet systems and inner dashes at its plant in Mashhad for IKAP, a joint venture between Iran Khodro, the Iranian car manufacturer, and PSA, the French automotive group. The first vehicle equipped with Autoneum components, an SUV, will roll off the assembly line in early 2019.

Out-look

Future of Mobility

As innovation leader in acoustic and thermal management for vehicles, Autoneum anticipated industry trends such as electromobility, autonomous driving and digitalization at an early stage and took their potential into account in the strategic direction. Already today, the Company is developing and manufacturing innovative products and technologies for the mobility of tomorrow in order to expand its market leadership even further.



Electromobility

Leading partner for automobile manufacturers

The growing importance of electromobility presents automotive manufacturers with new challenges. For future generations of vehicles, a continuous improvement in driving range and comfort is expected. As technology leader, Autoneum is well-prepared to meet this demand. Among others, company experts are working alongside traditional and new automobile manufacturers on the optimal acoustic performance of electric vehicles at the “Competence Center New Mobility” founded in early 2017 in Sunnyvale (California), USA.

The multifunctional, lightweight components for noise and heat protection manufactured by Autoneum are particularly suited for use in electric vehicles, as they help to reduce the vehicle’s weight which is significantly increased by the battery. At the same time, they also

reduce noise sources that were previously drowned out by the engine such as fans and pumps or new, battery-related noise emissions. There are thermal advantages as well: Since the temperature control of electric vehicles requires around 20% of the battery charge, thermal insulation components are needed to reduce the energy required for cooling and heating of the passenger cabin. Already today, five of the world’s best-selling electric vehicle models are equipped with lightweight components from Autoneum. As of 2018, nine additional models will follow, including two from new manufacturers in the USA and China, the world’s leading market for electric vehicles.







Autonomous driving and car-sharing

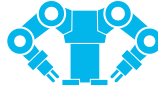
Innovative components for optimum driving comfort

Trends such as self-driving cars or car-sharing services are changing mobility permanently. In the future, passengers will increasingly use travel time for work or recreation thanks to fully automated driving systems and jointly used transport services. This requires innovative technologies and products that enable undisturbed driving pleasure. Autoneum already supports automobile manufacturers worldwide with its many years of expertise in the development of lightweight components that ensure optimum acoustics in the passenger cabin and simultaneously enhance driving comfort.

In addition, the Company makes a significant contribution to preserving vehicle value, as the quality and aesthetics of the interior is becoming more and more important due to the increased demands on the passenger cabin. For example, carpet systems need to be particularly resilient and must efficiently

reduce noise sources such as driving or rolling noises, especially in the case of e-cars. At the same time, the interior design of new models, which are geared to future needs, will require greater flexibility in terms of surface design since, among other things, the function of the instrument panel and the center console will change. This newly created space can be used to a greater extent for sound absorption.

However, thermal management continues to remain in the spotlight: Due to the electronic components required for vehicle control system such as sensors or high-end computers, cars of the future will need components that contribute to energy-efficient climate control in the vehicle. To meet this demand, Autoneum has launched new heat-reducing materials and technologies such as Tune-It and Di-Light for carpet systems and Hybrid-Acoustics ECO+ for inner dashes and floor insulators in 2017.



Digitalization

Intelligent production as prerequisite for operational excellence

As a manufacturing company, Autoneum primarily benefits from digital transformation in production processes. The complex networking of intelligent production systems (smart factories) enables accelerated and more efficient manufacturing processes as well as a more flexible and individual production. The Company's digitalization strategy focuses on a variety of Industry 4.0 applications ranging from virtual reality applications and collaborative robots ("cobots") to simulations and the internet of things. Autoneum has been implementing corresponding pilot projects at its global production sites since 2017. For example, the performance of two cross-linked felt production lines in the USA and China is continuously monitored by means of web-based data exchange, thus optimizing

production planning and maintenance as well as the reuse of production scrap. In addition, Autoneum makes use of digital 3-D simulations such as Computer-Based Manufacturing Simulation (CBMS) in order to simulate the layout and installation of equipment and production cells as well as the deployment of workers already during the planning phase. This enables improvements in working conditions, optimum plant utilization, increases in efficiency and associated cost-savings. The Chinese plant in Yantai, which opened in 2017, and the US plant in Aiken (South Carolina), which has been expanded, are optimally prepared for future production requirements thanks to the use of CBMS. Simultaneously, the know-how gained is used in the CBMS-based design of new plants.



Over- view

Corporate Responsibility Corporate Governance

By managing human and natural resources responsibly, Autoneum aims to make a decisive contribution to a sustainable future. Furthermore, the Company is committed to create long-term value through good Corporate Governance. By open dialog with its stakeholders, Autoneum creates the basis for mutual trust.

Corporate Responsibility

2017 marks the starting point for a new chapter in Autoneum's Corporate Responsibility management. The implementation of a Group-wide function in the first half of the year ensures that all relevant activities of the Company are advanced in a systematic manner and are subject to regular performance reviews. This is also reflected in the Corporate Responsibility Report 2016 which was published in 2017 for the first time in accordance with the requirements of the Global Reporting Initiative (GRI), the leading global standard in sustainability reporting. In 2017, Autoneum also developed its Corporate Responsibility Strategy 2025, which sets comprehensive environmental, social and compliance targets to be applied across the entire Group. Starting in 2018, these objectives will be gradually implemented at all company locations.

Eco-efficient production processes

Autoneum is working continuously to reduce its environmental impact by investing in eco-efficient processes. The initiative "Improve Sustainability" was created in 2015 to support these efforts. Its objectives are to reduce landfill waste, to recycle production waste and to reduce energy and water consumption at the Company's production sites. During 2017, twelve production sites implemented a total of 16 eco-efficiency projects as part of this initiative. An energy monitoring system was introduced at the plants in Chongqing, China, and Chennai, India, leading to significant reductions in electricity consumption. The transition to LED lighting at the sites in São Paulo, Brazil, and Valldoreix, Spain, likewise enabled significant energy savings. In addition to energy efficiency measures, Autoneum is endeavoring to create closed material loops where raw and other materials used during the production process are completely recycled. To that end, the Company has further expanded its recycling and reclaiming capacities in 2017. In Oregon, Ohio (USA), scrap from the production of Ultra-Light ECO+ and Prime-Light components is now being recycled. The Gundershausen plant in Germany has been recycling polyester used for Ultra-Silent parts since 2017: Scrap is converted to granulate and finally reused in the production process as basic material.





16 eco-efficiency projects worldwide

Occupational health and safety

As a manufacturing company, employee health and safety is of critical importance for Autoneum. The Company has committed itself to providing and maintaining a safe and healthy work environment for employees as well as customers, suppliers and visitors to company sites. In 2017, Group-wide initiatives were implemented in the areas of occupational health and safety, such as the creation of an ergonomics program and the development of an e-learning training program with 20 new learning modules on these topics. In addition, training programs that are already in place, such as the development program for managers on the topic of “behavior-based safety” and the “SafeStart” program for production employees, will be continued.

Employee development

Employees are Autoneum’s most important asset. An engaged, motivated and culturally diverse workforce is essential for the Company’s sustained business success. During 2017, the results of the employee satisfaction survey that has been conducted during the previous year were analyzed in site-specific focus groups, potential for development was defined and relevant measures were undertaken. Last year, Autoneum once again made significant investments in employee development. This includes the “High Performance Leadership” program where Autoneum’s corporate values and its High Performance Culture are conveyed to managers. Twenty employees from all regions took part in this training in 2017. Furthermore, 40 HR managers from 19 countries were trained in motivation and coaching techniques as part of the “Engage Your Team” program.

Compliance

Autoneum aims to act in an exemplary and ethical manner both within Company boundaries as well as in all business relations. The Company complies with legal requirements and sets the highest ethical standards as its benchmark. In 2017, Autoneum expanded its compliance policy framework with cyber crime and information security elements and adopted corresponding guidelines. In addition, and in order to further enhance employee awareness, the training and e-learning programs on cyber security, anti-corruption measures and fair competitive practices as well as on the Code of Conduct and the Speak Up Line, a confidential reporting channel, were expanded.

Social engagement

Autoneum has a significant economic impact on the communities surrounding its sites, in the form of employment, tax and infrastructure investment. At the same time, the Company builds lasting ties with local stakeholders in order to understand their needs and to support them with targeted engagement programs. To that end, every Autoneum site is required to engage in at least one community project a year. In 2017, around 100 initiatives were implemented worldwide. In addition, with its participation in the Bookbridge program, Autoneum launched its first global philanthropy project in 2017. The objective of Bookbridge is to establish financially independent learning centers in developing countries. In the reporting year, Autoneum employees supported the conception and development of learning centers in Cambodia and Mongolia within a six-month part-time program. The project contributes to the creation of new jobs, which in turn enhance the economic development of the community.



In 2017, employees have carried out
100 community engagement
projects worldwide.

Corporate Governance

The rules and regulations of Corporate Governance are laid out in numerous Autoneum documents, in particular the Articles of Association¹, the Organizational Regulations² and the Board Committee Regulations. The content and structure of this report conform to the Corporate Governance Directive (DCG) and the related Guideline published by the SIX Swiss Exchange.

Unless stated otherwise, the data pertains to December 31, 2017. Some information will be updated regularly on www.autoneum.com/investor-relations. For some information it is referred to the financial section of this Annual Report. The Remuneration Report can be found from page 124 onwards.

1 Group structure and shareholders

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, 2017 was CHF 1 306.6 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 Regulations² 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 93–95.

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

¹ www.autoneum.com/investor-relations/corporate-governance

² www.autoneum.com/investor-relations/corporate-governance

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.

43 companies worldwide belonged to the Autoneum Group as of December 31, 2017. 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 119. 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, 2017, 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; 20.52%
- CS Holding Ltd, Warth-Weiningen; Peter Spuhler, Weiningen, Switzerland; 17.19%
- Norges Bank (Central Bank of Norway), Oslo, Norway; 3.04%

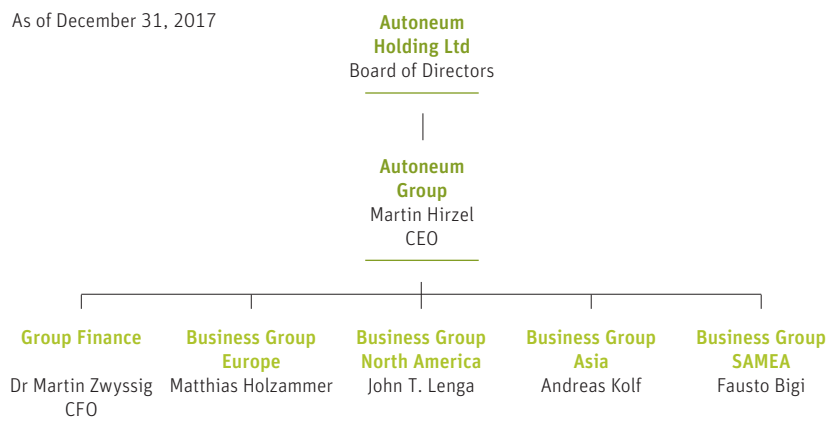
All notifications of shareholders with 3% or more of all voting rights in the Company have been reported to the Disclosure Office of the SIX Swiss Exchange in accordance with Art. 120 of the Financial Market Infrastructure Act (FMIA) and published via its electronic publication platform on www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html, where further details can also be found. As of December 31, 2017 Autoneum Holding Ltd held 0.39% of the share capital (18 445 shares).

Cross-holdings

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

Organization

As of December 31, 2017



2 Capital structure

Share capital

On December 31, 2017, the share capital of Autoneum Holding Ltd totaled CHF 233 618.15. It was divided into 4 672 363 fully paid-up 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 paid-up 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 Association³.

³ 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 paid-up 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 Association⁴. 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 Association⁴.

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 50 and 51) and a contingent share capital of CHF 12 500 (see above). The authorized share capital of CHF 47 500 adopted at the same General Meeting of March 22, 2011 expired after two years on March 22, 2013 without being utilized. It was not extended, and there is therefore no authorized share capital available at Autoneum Holding Ltd.

⁴www.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 paid-up 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 issues 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 Association⁵, 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

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 Association⁵ and Organizational Regulations⁶.

Board membership

Pursuant to the Articles of Association⁵, the Board of Directors of Autoneum Holding Ltd consists of no less than three and no more than nine members. As of December 31, 2017 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.

⁵ www.autoneum.com/investor-relations/corporate-governance

⁶ 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 117).

Permissible activities outside the Autoneum Group

According to §20 of the Articles of Association⁷, 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, 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 70th 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.

⁷ 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 Association⁸ and the Organizational Regulations⁹. 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, video conference, 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.

⁸ www.autoneum.com/investor-relations/corporate-governance

⁹ www.autoneum.com/investor-relations/corporate-governance

Hans-Peter Schwald



Rainer Schmückle



Norbert Indlekofer



Michael Pieper



This E. Schneider



Peter Spuhler



Ferdinand Stutz



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; until 2016 Chairman of the Board of Directors of the legal practice of Staiger, Schwald & Partner Ltd., since 2017 Senior Partner of BianchiSchwald LLC . **Other activities and interests** Chairman of the Board of Directors of Ruag Holding Ltd; Vice Chairman of the Board of Directors, Stadler Rail Ltd; Board Member, Rieter Holding Ltd; 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 March 30, 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 Divisional Director Transmission Systems and Member of the Executive Board of Schaeffler Ltd, Germany; from 2014 to 2016 President and CEO Automotive of Schaeffler Ltd, Germany **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, Berenberg Bank (Switzerland) 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 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 and CEO of Stadler Rail Ltd. **Other activities and interests** Chairman of the Board Stadler Rail Ltd and of several other companies of the Stadler Rail Group, of GLEISAG Gleis- und Tiefbau Ltd and PCS Holding Ltd, Vice Chairman Walo Bertschinger Ltd (WBZ), ZLE Betriebs AG (ZSC Lions) and DSH Holding Ltd, Member of the Board Allreal Holding Ltd, Rieter Holding Ltd and Aebi Schmidt Holding Ltd, Member of the Council and the Committee at Swissmem, Member of the Committee at LITRA and 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 2017, 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 94%. In addition, three 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 2017, no external consultants have been 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 2017 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 2017. The meetings lasted three to four-and-a-half hours. Two committee members attended both meetings, one committee member was excused from one meeting. 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 2017. Each meeting lasted three to four hours. Two committee members attended all meetings, one committee member was excused from one meeting. In 2017, 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 (since March 30, 2017) and Ferdinand Stutz are the other members. The Strategy Committee 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 2017 for one regular meeting and a two-day strategy workshop with the entire Group Executive Board and other members of the management. The regular meeting lasted half a day. All committee members attended the meeting and the strategy workshop. In 2017, 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 Regulations¹⁰, while details of the tasks reserved for the Board of Directors can be found on pages 55–58 (“Internal Organization”). The cooperation between the Board of Directors, the CEO and the Business Groups is stipulated in the Group's Organizational Regulations¹⁰, 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.

¹⁰ 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 Regulations¹¹, 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 87–91 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 13 regular audits in 2017. 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 a 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.

¹¹ www.autoneum.com/investor-relations/corporate-governance

4 Group Executive Board

The Group Executive Board had six members on December 31, 2017: the CEO, the CFO and the four Business Group Heads. For additional information about the Group Executive Board members please refer to pages 64 and 65.

Permissible activities outside the Autoneum Group

According to §20 of the Articles of Association¹², 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 the 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 non-profit 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.

¹² www.autoneum.com/investor-relations/corporate-governance

Martin Hirzel



Dr Martin Zwysig



John T. Lenga



Andreas Kolf



Matthias Holzammer



Fausto Bigi



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 Council at Swissmem, Zurich

Dr Martin Zwyszig (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 Contoller 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

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

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

5 Remuneration, shareholdings and loans

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 124 onwards.

6 Shareholders' participatory rights

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 Association¹³ 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 Association¹³. Pursuant to §9 of the Articles of Association¹³, 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 2018 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.

¹³ www.autoneum.com/investor-relations/corporate-governance

7 Change-of-control and defensive measures

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

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. Kurt Stocker, licensed audit expert, has been lead auditor for the Autoneum mandate at KPMG since the financial year 2011. The term of office of the lead auditor is limited to seven years.

Audit fees and additional fees

KPMG charged Autoneum approximately CHF 1.0 million for the 2017 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 0.1 million for additional services in the year under review, mainly for tax advisory services. Additional auditors received from Autoneum approximately CHF 0.3 million for the 2017 financial year for services in connection with auditing the annual financial statements of Group companies. They also received approximately CHF 0.5 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 59. 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

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 at least one media and financial analysts conference each year.

Reporting on the 2017 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
- Organizational Regulations:
www.autoneum.com/investor-relations/corporate-governance
- Download of Annual Reports incl. Financial Report:
www.autoneum.com/investor-relations/financial-reports
- Order of Annual Reports incl. Financial Report (printed version):
www.autoneum.com/order-publication-2
- Corporate Governance:
www.autoneum.com/investor-relations/corporate-governance
- Corporate Responsibility: www.autoneum.com/corporate-responsibility
- Share price:
www.autoneum.com/investor-relations/share
- Presentations:
www.autoneum.com/investor-relations/financial-reports/#praesentation
- Media releases:
www.autoneum.com/media/media-releases
- Subscription to media releases:
www.autoneum.com/media/subscription-media
- Contact:
www.autoneum.com/contact

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.

