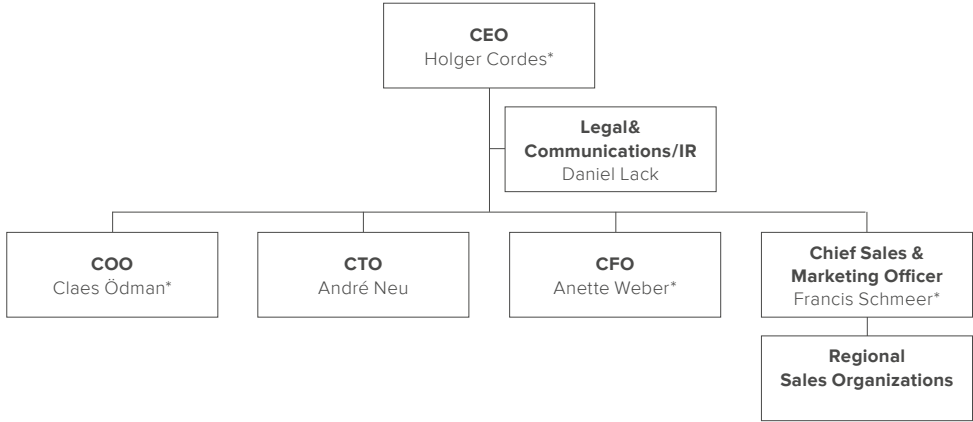


Corporate Governance

1. CORPORATE STRUCTURE AND SHAREHOLDERS

Ascom is fully committed to good Corporate Governance. The information published in the Corporate Governance report follows the SIX Swiss Exchange directives on standards relating to Corporate Governance. All information within this Corporate Governance report refers to rules and regulations that were in effect as of 31 December 2018.

Operating corporate structure (January 2019)



* Also member of the Executive Board.

The Group is organized by functions, as Ascom has become a one-business company and has no divisions anymore.

Listed corporation: Ascom Holding AG

Ascom Holding AG (Ascom Holding SA, Ascom Holding Ltd.) is a publicly listed company headquartered in Baar, Switzerland. It has a share capital of CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

The Company's registered shares are traded on the SIX Swiss Exchange Swiss Reporting Standard under ISIN CH0011339204, symbol ascn. Ticker symbols:

- Bloomberg; ASCN.SW
- Reuters: ASCN.S

Market capitalization as of 31 December 2018 was CHF 488.9 million.

Unlisted Group companies

The following companies belong to the Ascom Holding AG scope of consolidation (see table on page 22).



The Ascom Top Management

LTR: Anette Weber, Claes Ödman, Holger Cordes, Daniel Lack,
André Neu, Francis Schmeer.

Unlisted Group companies: Ascom Holding AG (as of 31 December 2018)

Country	Company	Registered Office	Share Capital	Parent Company	Group's Interest	
Australia	GTM Resources Pty. Ltd.	Chippendale	AUD	3	Ascom Holding AG	100%
	Ascom Integrated Wireless Pty. Ltd.	Alexandria NSW	AUD	3,000,000	GTM Resources Pty. Ltd.	100%
Belgium	Ascom (Belgium) NV	Zaventem	EUR	1,424,181	Ascom Holding AG	100%
Denmark	Ascom Danmark A/S	Glostrup	DKK	1,200,000	Ascom Holding AG	100%
Finland	Ascom Oy	Turku	EUR	33,638	Ascom Holding AG	100%
France	Ascom (France) SA	Suresnes	EUR	2,000,000	Ascom Holding AG	100%
Germany	Ascom Deutschland GmbH	Frankfurt a. M.	EUR	2,137,200	Ascom Unternehmensholding GmbH	100%
	Technologiepark Teningen GmbH	Emmendingen	EUR	6,136,000	Ascom Unternehmensholding GmbH Ascom Solutions Ltd.	94% 6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	EUR	5,113,000	Ascom Holding AG	100%
Italy	Ascom UMS S.r.l.	Scandicci	EUR	100,000	Ascom Solutions Ltd.	100%
Malaysia	Ascom (Malaysia) SDN BHD	Petaling Jaya	MYR	1,000,000	Ascom Holding AG	100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR	1,361,000	Ascom Solutions Ltd.	100%
Norway	Ascom (Norway) A/S	Oslo	NOK	1,250,000	Ascom Solutions Ltd.	100%
Romania	Ascom Mobile Solutions Romania S.R.L.	Cluj-Napoca	RON	45,000	Ascom Solutions Ltd.	100%
Singapore	Ascom Solutions (Singapore) Pte Ltd	Singapore	SGD	50,000	Ascom Solutions Ltd.	100%
Sweden	Ascom (Sweden) AB	Gothenburg	SEK	96,154,000	Ascom Holding AG	100%
Switzerland	Mocsa AG in Liquidation	Berne	CHF	100,000	Ascom Holding AG	100%
	Ascom Solutions Ltd.	Mägenwil	CHF	10,000,000	Ascom Holding AG	100%
United Kingdom	Ascom (UK) Ltd.	Lichfield	GBP	50,000	Ascom Solutions Ltd.	100%
USA	Ascom (US) Inc.	Morrisville NC	USD	1	Ascom Solutions Ltd.	100%

Shareholders

Registered shareholders

As of 31 December 2018, there were 4,234 shareholders registered in the share register of Ascom Holding AG.

Share ownership as of 31 December 2018

Number of shares	Number of shareholders
1 to 100	778
101 to 1,000	2,250
1,001 to 5,000	938
5,001 to 10,000	124
More than 10,000	144
Total	4,234

Significant shareholders

The following significant shareholders exceeding a threshold of 3% of voting rights were recorded in the share register as of 31 December 2018:

- Veraison SICAV, Zurich: 8.32%
- UBS Fund Management (Switzerland) AG, Basel: 6.31%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 32.85% as of 31 December 2018.

In accordance with the disclosure announcements made according to Article 120 of the Financial Market Infrastructure Act (FMIA), the following parties with voting rights exceeding a threshold of 3% are regarded as significant shareholders in Ascom as of 31 December 2018:

- UBS Fund Management (Switzerland) AG, Basel: Ascom securities representing 5.13% of the voting rights (announcement dated 24 January 2017)
- Veraison SICAV, Zurich: Ascom securities representing 5.0176% of the voting rights (announcement dated 4 March 2016)
- Schroders plc, London, UK: Ascom securities representing 4.962% of the voting rights (announcement dated 23 May 2017)
- Kempen Capital Management N.V., Amsterdam, Netherlands: Ascom securities representing 3.05% of the voting rights (announcement dated 17 January 2018)
- Credit Suisse Funds AG, Zurich: Ascom securities representing 3.02% of the voting rights (announcement dated 9 November 2018)
- Pictet Asset Management SA, Geneva: Ascom securities representing 3.02% of the voting rights (announcement dated 23 August 2018)
- Norges Bank, Oslo, Norway: Ascom securities representing 3.01% of the voting rights (announcement dated 4 January 2019)
- BlackRock Inc., New York, USA: Ascom securities representing 2.69% of the voting rights and sale positions of 0.96% (announcement dated 24 September 2016)

Subsequents events:

The following changes in the shareholder base were notified after 1 January 2019:

- Norges Bank, Oslo, Norway: Ascom securities representing < 3% of the voting rights (announcement dated 12 January 2019)
- Kempen Capital Management N.V., Amsterdam, Netherlands: Ascom securities representing < 3% of the voting rights (announcement dated 26 January 2019)

Further details regarding these shareholders as well as additional information regarding the individual disclosure notices are available on the disclosure platform of the SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ASCOM.

The free float of the shares of Ascom Holding AG is 100% since 1 November 2013.

As of the balance sheet date, the Company held 38,110 treasury shares, representing 0.1% of voting rights. The Company only held own shares to back the ongoing long-term incentive plans (share matching plans).

There are no known shareholders' agreements.

Cross-shareholdings

The Ascom Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights.

2. CAPITAL STRUCTURE

Ordinary share capital

Since the Annual General Meeting held on 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share. The share capital is fully paid up.

Share structure

	Number	31.12.18 (CHFm)	Number	31.12.17 (CHFm)
Registered shares par value CHF 0.50	36,000,000	18.0	36,000,000	18.0
Registered shareholders	4,234		4,247	

Bonus certificates

Ascom Holding AG has not issued any bonus certificates.

Authorized share capital/conditional share capital

The Company has no authorized or conditional share capital.

Changes in equity

The equity of Ascom Holding AG has changed as follows:

CHF 1,000	2018	2017	2016	2015 ¹
Share capital	18,000	18,000	18,000	18,000
Legal reserves	6,523	6,523	6,523	6,523
Retained earnings	355,448	374,802	395,203	469,538
Treasury shares	(406)	(475)	(1,046)	(2,345)
Total	377,892	398,850	418,680	491,716

¹ The figures have been adjusted to the new Swiss accounting legislation of the Swiss Code of Obligations.

Limitations on transferability and nominee registrations

- In principle, the Articles of Association of Ascom Holding AG contain no limitations on transferability and no statutory privileges (www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/corporate-governance/ascom-articles-association-en.pdf).
- The share registration guidelines (current version dated 1 September 2017) are published on the Company's website (www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/corporate-governance/ascom-share-registration-guidelines-2017-en.pdf).
- Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the Company.
- For registered shares, a share register is maintained in which the names and addresses of the owners and beneficiaries are entered. Changes must be reported to the Company.
- Entry in the share register requires proof of acquisition of title to the shares or of beneficiary status. A purchaser of registered shares is entered in the share register upon request as a voting shareholder if he/she expressly declares that he/she acquired the registered shares in his/her own name and on his/her own account. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.
- Admission of nominees is decided by the Board of Directors. No applications in this regard were submitted in 2018.

Options/convertible bonds

Options/share matching plans

All Ascom option plans are expired. Ascom share matching plans are listed in the Remuneration Report on pages 55 to 57.

Convertible bonds

Ascom Holding AG has not issued any convertible bonds.

Management transactions

The listing rules of the SIX Swiss Exchange stipulate a disclosure obligation in respect of management transactions, including exercise of options, acquisitions and sales of Ascom shares. To ensure compliance with these provisions, the Board of Directors has issued an Annex to the Organization Regulations. Details can be found on the disclosure platform of the SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/management-transactions.html?companyId=ASCOM.

3. BOARD OF DIRECTORS

Primary tasks of the Board of Directors

The Board of Directors holds ultimate decision-making authority and determines the strategic, organizational and financial planning guidelines for the Group as well as the Company objectives. The Board of Directors is responsible for the overall direction as well as the supervision and control of the management. It sets guidelines for business policies and ensures that it is regularly informed on the course of business.

The primary tasks of the Board of Directors under the Swiss Code of Obligations and the Articles of Association of Ascom Holding AG are:

- Overall management of the Company and the Group, including setting the strategic direction as well as issuing directives as required
- Defining the organization and management structure
- Laying out the forms of accounting and financial control as well as financial planning
- Appointing and discharging persons entrusted with the management and representation of the Company and determining who is entitled to sign on behalf of the Company
- Ultimate supervision of business activities
- Drawing up the Annual Report and the Remuneration Report as well as preparing the Annual General Meeting and carrying out its resolutions
- Informing the courts in the event of excessive indebtedness
- Passing resolutions on the financing of business, and in particular deciding on capital increases and IPOs and the consequent changes to the Articles of Association
- Passing resolutions on participations of major/strategic significance
- Determining the compensation for members of the Board of Directors and the Executive Board subject to the approval of the Annual General Meeting

Election and composition of the Board of Directors of Ascom Holding AG

The Articles of Association define the election of the Board of Directors of Ascom Holding AG as follows:

- The Board of Directors consists of at least three and not more than seven members.
- The General Meeting elects the members and the Chairman of the Board of Directors individually.

- The terms of office of the members of the Board of Directors as well as the term of office of the Chairman of the Board of Directors shall end no later than at the closing of the ordinary General Meeting following their election. Re-election is permitted.
- The majority of the members of the Board of Directors shall be independent members.
- In the event that the position of the Chairman is vacant, the Board of Directors appoints a new Chairman for the remaining term of office.
- Members of the Board of Directors retire from the Board of Directors at the Annual General Meeting of the respective year when they complete their 70th year of age.

Ascom's Articles of Association are available on the Company website: www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/corporate-governance/ascom-articles-association-en.pdf.

At the Annual General Meeting of Ascom Holding AG held on 11 April 2018, the shareholders elected the following members of the Board of Directors individually and for a term of one year until the Annual General Meeting 2019:

	Member since	Elected until AGM
Andreas Umbach, Chairman	2010 (Chairman since 2017)	2019
Dr Valentin Chapero Rueda	2016	2019
Dr Harald Deutsch	2014	2019
Jürg Fedier	2017	2019
Christina Stercken	2014	2019

The Board of Directors aims for a balanced professional expertise and diversity of its members when proposing them for election to the Annual General Meeting. The selection process is regardless of origin, nationality, culture, religion, or gender.

The shareholders elected Andreas Umbach as Chairman of the Board of Directors and Dr Harald Deutsch as well as Dr Valentin Chapero Rueda as members of the Compensation Committee, all for a term of one year.

All members of the Board of Directors are non-executive members. No member of the Board of Directors has any significant business relationship with Ascom Holding AG or its subsidiaries.

Secretary of the Board of Directors

Dr Daniel Lack has served as Secretary of the Board of Directors since May 2001.

Changes to the Board of Directors

The Board of Directors remained unchanged in 2018.

At the Annual General Meeting 2019, Andreas Umbach will not stand for re-election as Chairman of the Board. However, he will stand for re-election as an ordinary member of the Board. The Board of Directors is proposing the election of Jeannine Pilloud as new member and Chairperson of the Board.

Internal organization

- Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee, the Board of Directors is self-constituting and

designates its other committees and the Secretary. The latter needs not be a member of the Board of Directors.

- The Board of Directors is quorate when the majority of members are present. In the event of capital increases, such a quorum is not required for decisions concerning definition of the capital increase, amendments to the Articles of Association or resolutions regarding the capital increase report.
- The Board of Directors passes its resolutions by a majority of the votes cast. The Chairman holds the casting vote.
- Resolutions may also be adopted by written consent to a proposal circulated by the Chairman among all members and passed by a majority of all members of the Board of Directors.
- Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.
- Members of the Board of Directors may exercise a consulting mandate for the Ascom Group alongside their activity on the Board of Directors, subject to the unanimous consent of the Board of Directors. There were no such consulting mandates as of the balance sheet date.

Mandates outside the Ascom Group of members of the Board of Directors

	Mandates outside the Ascom Group (profit-oriented)	Mandates outside the Ascom Group (non-profit-oriented)
Andreas Umbach (Chairman)	Landis+Gyr Group AG, Zug (Chairman) ¹ SIG Combibloc Group AG, Neuhausen SH (Chairman) ¹ (since 28 September 2018) Techem Energy Services GmbH, Eschborn (Germany) WWZ AG, Zug	Zug Chamber of Commerce (President)
Dr Valentin Chapero Rueda	Calida Holding AG, Sursee LU ¹ TR Dental Implants Int. AG, Hünenberg ZG Valamero Holding AG, Wilen b. Wollerau SZ (incl. 1 mandate in affiliated Group company)	None
Dr Harald Deutsch	None	None
Jürg Fedier	Dätwyler AG, Altdorf UR ¹ 3 mandates in affiliated Group companies of OC Oerlikon AG, Pfäffikon SZ	None
Christina Stercken	Ansell Ltd., Melbourne (Australia) ¹ Landis+Gyr Group AG, Zug ¹	Myanmar Foundation, Munich (Vice Chairperson)

¹ Publicly listed companies.

Andreas Umbach and Christina Stercken are also both Members of the Board of Directors of Landis+Gyr Group AG, Zug. Landis+Gyr Group AG and Ascom Holding AG participate in different industries.

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Board of Directors may occupy or exercise four additional positions against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register that are neither controlled by nor that control the Company.

Members of the Board of Directors



Andreas Umbach (Chairman)

Nationality: Switzerland/Germany | Born 1963 | Place of residence: Zug, Switzerland | Member since 2010 | Chairman since 2017 | Elected until AGM in 2019

1989 Master of Science in Mechanical Engineering, Technical University Berlin; 1991 Master of Business Administration (MBA), University of Texas, Austin TX; 1991–2002 Various management positions within Siemens AG; 2002–2017 President and CEO, Landis+Gyr AG, Zug; Since 2013 Board member of WWZ AG; Since 2016 President of the Zug Chamber of Commerce; Since 2017 Chairman of the Board of Directors of Ascom Holding AG and Chairman of Landis+Gyr Group AG; Since 2018 Chairman of the Supervisory Board of Techem Energy Services GmbH; Since 2018 Chairman of the Board of SIG Combibloc Group AG



Dr Valentin Chaperó Rueda

Nationality: Spain/Switzerland | Born 1956 | Place of residence: Wilen bei Wollerau, Switzerland | Member since 2016 | Elected until AGM in 2019

1986/1988 Master and PhD (Dr rer.nat.) in Physics, University of Heidelberg, Germany; 1988–1992 Director of Systems Integration for Mainframe Unix Systems, Siemens Nixdorf Informations Systems AG, Paderborn, Germany; 1992–1994 Vice President Professional Services, Siemens Nixdorf Spain, Madrid; 1994–1996 Vice President Network Systems, Siemens AG Spain, Madrid; 1996–1999 CEO Siemens Audiologische Technik GmbH, Erlangen, Germany; 2000–2002 President Mobile Network, Siemens AG, Munich; 2002–2011 CEO Sonova Holding AG, Stäfa; Since 2011 Business Angel&Investor Valamero Holding AG, Wilen b. Wollerau; Since 2015 Co-founder and Partner Veraison Capital AG, Zurich



Dr Harald Deutsch

Nationality: Germany | Born 1962 | Place of residence: Ladenburg, Germany | Member since 2014 | Elected until AGM in 2019

1987 Graduation as physician. Medical exam, University of Cologne; 1988 Approbation and member of German Medical Association; 1988 Graduation as Master of Science (MSc) in Physics, University of Cologne; 1989 Promotion to Medical Doctor (MD), University of Cologne; 1988–1989 Bundeswehr (Germany Armed Forces): Military Surgeon; 1990–1998 Behringwerke AG, Marburg, Germany: Software Director; 1998–2003 Booz Allen&Hamilton, Frankfurt/M.: Principal and Member of the German Board; 2003–2008 Accenture, Kronberg, Germany: Executive Partner and Managing Director; 2008–2012 CSC Computer Sciences Corporation, Aldershot, UK, and Wiesbaden, Germany: Vice President healthcare EMEA; 2012–2015 BearingPoint GmbH, Frankfurt/M. and Amsterdam: Partner and Industry Lead healthcare; Since 2015 Independent Consultant



Jürg Fedier

Nationality: Switzerland | Born 1955 | Place of residence: Richterswil, Switzerland | Member since 2017 | Elected until AGM in 2019

1978 Commercial Diploma Business Administration, Dr Raebers Höhere Handelsschule, Zurich; 1978–2000 Various management positions at Dow Chemical in the USA, Europe and Asia; 1990–2002 Various executive management programs at IMD Lausanne and University of Michigan, Ann Arbor MI (USA); 2000–2003 Global Business Finance Director, Dow Chemical Thermosets, Midland MI (USA); 2004–2006 Vice President Finance, Dow Chemical Performance Chemicals and Thermosets, Midland MI (USA); 2006–2007 CFO and Member of the European Executive Team, Dow Europe; 2007–2008 CFO and Member of the Executive Team; Ciba Specialty Chemicals, Basel; Since 2009 CFO OC Oerlikon, Pfäffikon SZ (Switzerland)



Christina Stercken

Nationality: Germany | Born 1958 | Place of residence: Munich, Germany | Member since 2014 | Elected until AGM in 2019

1982 Master in Economics, University of Bonn, and 1992 Executive MBA, Duke University, Durham, North Carolina; 1983–1984 BMW Pty Ltd., Isando, South Africa: Marketing Consultant; 1985–1987 Siemens AG, Munich: Consultant Strategic Planning and Marketing for Communication and Information Technology Group; 1988–1989 Siemens AG, Munich: Consultant Management Tools and Training, Corporate Development & Strategy; 1989–1994 Siemens AG, Munich: Senior Consultant Corporate Projects (Inhouse Consulting) Corporate Development & Strategy; 1994–1995 Siemens AG, Munich: Head of Regional Strategy, Corporate Development & Strategy; 1995–1997 Siemens Ltd. China, Beijing: Head of Task Force China; 1998–2000 Siemens Business Services GmbH & OHG, Munich: Head of Business Unit Public Sector; 2000–2006 Siemens AG, Munich: Managing Director Corporate Finance, Mergers & Acquisitions; 2006–2017 EAC – Euro Asia Consulting PartG, Munich, Shanghai, Mumbai, and Moscow: Partner; Since 2018 Non-Executive Director

Board attendance in 2018

	10.1.	24.1.	23.2.	11.4.	23.5.	7./8.6.	17.7.	7.8.	28.8.	20./21.9.	7.11.	7.12.
Andreas Umbach	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Valentin Chapero Rueda	o	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Harald Deutsch	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jürg Fedier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Christina Stercken	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- In addition, members of the Board of Directors may occupy or exercise five uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- The Chairman of the Board of Directors may exercise a total of up to three positions in other publicly traded companies.
- In addition to these mandates, members of the Board of Directors may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the Instructions of the Company.

None of the members of the Board of Directors previously worked for the Ascom Group, nor does any member of the Board of Directors perform any permanent management or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

Mode of operation of the Board of Directors

Board meetings or conference calls are held as and when necessary. In general, the CEO and CFO attend all ordinary meetings of the Board of Directors. In addition, executive sessions are held. Other members of the Executive Board as well as external experts are invited to attend meetings to address specific topics if necessary.

13 meetings (including both physical meetings and conference calls) were held in 2018. Board attendance was 98.5%. The ordinary meetings of the Board of Directors last one full day and strategy meetings last two days.

The Chairman of the Board acts as a liaison with the Executive Board and has regular interactions with the CEO and other members of the Executive Board.

Management provides monthly reports to the Board covering the financial and operating performance of the Company.

Self-evaluation of the Board of Directors

Since 2005, the Board of Directors has carried out a self-evaluation at year-end based on a standardized process using a comprehensive questionnaire. The results are discussed in the first quarter in the next year, and any measures necessary for improvements are agreed and implemented as required.

Committees of the Board of Directors

To support the efficient and effective organization of its duties, the Board of Directors has set up a structure with two permanent committees whose primary role is to prepare materials as a basis for decisions by the Board of Directors in specialized areas. The two permanent committees are the Audit Committee and the Compensation Committee. The authority to make decisions lies with the Board of Directors. All members of the Board are entitled to attend any meetings of these committees.

The nomination of candidates for election to the Board of Directors and the selection of candidates for appointment to the Executive Board and Executive Committee are done by the entire Board.

Audit Committee

Members: Jürg Fedier (Chairperson) and Christina Stercken

The Board of Directors elects the members and the chairperson of the Audit Committee for a term of office of one year until the closing of the ordinary General Meeting following the election.

The Audit Committee is composed of two non-executive members of the Board of Directors and generally meets four times a year (at least one meeting per quarter), although the Chairperson may convene meetings as often as business requires. Six Audit Committee meetings were held in 2018, generally lasting several hours, whereof the external auditors attended two. Committee attendance was 100%. The Chairman of the Board of Directors attended five meetings. The CEO was present in all meetings while the CFO attended five meetings of the Audit Committee. The Secretary of the Board of Directors prepares the meetings and records the minutes. The full Board of Directors is kept informed of the Audit Committee's activities following each meeting, and receives a copy of the minutes.

The Audit Committee's main activities are:

- Internal control
- Financial reporting
- Finance management
- Risk management
- Tax management
- External auditing
- Compliance
- Litigation matters

Compensation Committee

Members: Dr Valentin Chapero Rueda (Chairperson) and Dr Harald Deutsch

According to the Articles of Association, the General Meeting elects the members of the Compensation Committee individually for a term of office of one year until the closing of the ordinary General Meeting following the election. The Compensation Committee consists of at least two and not more than three members of the Board of Directors. The Chairperson of the Compensation Committee has to be independent. He is elected by the Board of Directors. In the event that the Compensation Committee has fewer members than the number of members elected by the last General Meeting and is therefore not fully staffed, the Board of Directors elects the missing members for the remaining term.

The Compensation Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairperson as often as business requires. Five meetings were held in 2018. Committee attendance was 100%. The Chairman of the Board of Directors attended four meetings in 2018. The CEO attended the meetings as and when required. The Secretary of the Board of Directors prepares the meetings and records the minutes. The full Board of Directors is kept informed of the Compensation Committee's activities following each meeting, and receives a copy of the minutes.

A major task of the Compensation Committee is to prepare the resolution of the Board of Directors concerning the compensation of the members of the Board of Directors and the members of the Executive Board to be approved by the Annual General Meeting. To fulfill its duties, the Compensation Committee may consult other persons and external consultants for support.

Other main fields of work of the Compensation Committee shall consist of making recommendations to the Board of Directors in relation to:

- Ascom Group remuneration policies
- Fixing compensation models for the Board of Directors and the Top Management
- Implementation and monitoring of long-term incentive plans

Areas of responsibility

The Board of Directors has delegated the operational management of the Company and the entire Ascom Group to the CEO unless otherwise required by the law, the Articles of Association or the Organization Regulations. The CEO, together with the Executive Board, is responsible for the overall management of the Ascom Group.

The Board of Directors explicitly reserves the power to decide on the following matters:

- Authorizing important acquisitions and divestments
- Appointing and discharging members of the Executive Board and the Top Management
- Defining compensation models for members of the Board of Directors and the Executive Board (subject to the approval of the Annual General Meeting), and the Top Management
- Approving the budget
- Arranging public bonds and important framework credit agreements
- Substantial investments
- Issuing the Organization Regulations and their Annexes
- Defining the internal audit and submitting the proposal to the Annual General Meeting for election of the auditors
- Submitting proposals on dividends to the Annual General Meeting
- Issuing and implementing long-term incentive plans

Information and control instruments in respect of the Executive Board/management instruments

The Ascom Group's management information system (MIS) consists of management reporting and financial consolidation.

Each month, the balance sheet, income statement, incoming orders, order backlog and employee headcount for the individual companies are entered in the management reporting system. This information is based on the regulation and accounting standards and consolidated for the various Group companies and for the Group as a whole, and compared against the previous year's figures and the current budget. The Executive Board discusses the results in detail on a monthly basis and decides on actions to be taken.

Full financial consolidation (including cash flow statement) in compliance with the regulation and accounting standards is performed on a quarterly basis.

Financial reports are submitted to the Board of Directors on a monthly basis. Additional management instruments for monitoring management processes include strategic medium-term planning (MTP), annual planning and quarterly forecasts.

A quarterly report on pending law suits is submitted to the Audit Committee. As part of Business Risk and Opportunity Management (BROM), an updated risk map for the Group is submitted to the Board of Directors on a semi-annual basis. The meetings of the Board of Directors and the Audit Committee are attended by the CEO and CFO as well as, whenever necessary, by other members of Management.

Internal audit

The Group does not have an in-house internal audit function. The Board of Directors empowered the Audit Committee to mandate an external audit firm to carry out special focus audits, as needed. Accordingly, such internal audits are conducted from time to time as mandated by the Audit Committee. During 2018, no special focus audits have been commissioned. Internal audit fees are based on the scope of services rendered. Fees incurred in 2018 were nil (2017: nil).

Risk management

As an internationally active group, Ascom is exposed to a variety of risks arising from its operations in the normal course of business. Risk management is therefore an integral part of Group management and hence part of the business processes. Group Treasury centrally monitors financial risks (liquidity, foreign currency, interest rate, credit risks) in accordance with written guidelines. Capital risk is also monitored using defined thresholds for the debt ratio and the equity ratio.

Further information on risk management can be found in note 27 to the financial statements of the Ascom Group on page 84 of this Annual Report.

Internal Control System (ICS)

A Board directive of 21 August 2017 and the ICS manual govern the Internal Control System (ICS). The ICS ensures the implementation of appropriate procedures and measures for the purpose of identifying and monitoring the main financial risks to which the Company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.

In order to achieve these targets, Group companies in scope are determined annually. Hereby, it is ensured that at least 80% of the revenue and of total assets of the Group are covered. The external audit confirms the existence of the ICS in connection with the year-end audit. Additionally, external audit submits improvement suggestions on a yearly basis, which are implemented in the following year.

4. EXECUTIVE BOARD

The Executive Board of the Ascom Group

The Board of Directors has delegated the operational management of the Company and the entire Ascom Group to the CEO unless otherwise required by the law, the Articles of Association or the Organization Regulations. As members of the Executive Board are considered the CEO and each further person who is explicitly appointed as such by the Board of Directors (Article 8 of the Articles of Association). As a rule, members of the Board of Directors shall not be on the Executive Board.

Composition of the Ascom Executive Board

The Ascom Group Executive Board comprised the following members as of 31 December 2018:

Executive Board member since		
Holger Cordes	CEO	01.06.2016
Anette Weber	CFO	01.08.2017
Claes Ödman	COO	14.06.2011
(former General Manager Wireless Solutions)		(COO since 01.10.2016)
Francis Schmeer	Chief Sales & Marketing Officer (former EVP Marketing & Business Development)	01.09.2014 (Chief Sales & Marketing Officer since 01.10.2018)

Members of the Executive Board



Holger Cordes, Chief Executive Officer

Nationality: Germany | Born 1969

1995 Master of Economics from Université de Poitiers (France); 1997 Diplom-Volkswirt (Diploma of Economics) from University of Marburg (Germany); 1997–2000 Project Leader SAP/Senior FP&A Analyst Paulaner Brauerei KG, Munich; 2000–2002 Manager Controlling and Process Organization, European Telecommunications Holding AG, Frankfurt/M.; 2002–2006 Regional Controller Mainland Europe/Director International Financial Planning and Analysis, Aspect Software, London; 2007–2010 Finance Director EMEA, Cerner Group, London; 2010–2014 General Manager Central Europe, Cerner Group, Frankfurt/M.; 2014–2016 COO Europe and Latin America, Cerner Group, Frankfurt/M.; Since 1 June 2016 CEO and member of the Executive Board of the Ascom Group



Anette Weber, Chief Financial Officer

Nationality: Germany | Born 1971

1997 Lic.oec. HSG in Business Administration from University of St.Gallen; 1997–1999 International Controller Novartis Animal Health Inc., Basel; 1999–2005 Head of Finance and IT/then Country Head Japan Novartis Animal Health K.K., Tokyo; 2005 CFO (kfm. Geschäftsführerin) Sandoz Pharma GmbH, Munich; 2006–2009 CFO Lek.d.d. Ljubljana (Slovenia); 2009–2014 CFO Biopharma and Oncology, Sandoz International GmbH, Holzkirchen (Germany); 2014–2016 Global Head Finance Pharma Development, Novartis Pharma, Basel; 2016–2017 Global Lead Development Transformation, Novartis AG, Basel; Since 1 August 2017 CFO and member of the Executive Board of the Ascom Group



Claes Ödman, COO

Nationality: Sweden | Born 1965

1990 Master of Science in Engineering Physics and Master of Business Administration (Chalmers University Gothenburg); 1990–1994 Area Manager Saab Marine Electronics AB, Gothenburg; 1994–1998 Area Manager Ericsson Radio Systems, Stockholm; 1998–2001 Vice President Ericsson Taiwan Ltd., Taipei (Taiwan); 2001–2005 President & Country Manager Ericsson Telecom PTE Ltd., Singapore; 2005–2011 Vice President Ericsson AB, Stockholm, 2005–2008 Multimedia Solutions; 2008–2009 Head of Sales and Marketing; 2010 Head of Region Project; 2010–2011 Engagement Practices Region Northern Europe and Central Asia; 2011–2016 General Manager Wireless Solutions and member of the Executive Board of the Ascom Group; Since 1 October 2016 COO and member of the Executive Board of the Ascom Group



Francis Schmeer, Chief Sales and Marketing Officer

Nationality: USA | Born 1972

1994 Bachelor of Marketing from Georgetown University, Washington DC (USA); 1994–1999 Goldman Sachs, Associate New York/London; 2001 Master of Business Administration, London Business School; 2001–2003 Samsung Group, Global Strategist, Seoul; 2003–2005 T-Mobile International, International Marketing Head of SMS and IP Messaging London/Bonn; 2005–2006 Empower Interactive, Chief Marketing Officer, London/Singapore; 2006–2009 Sony Ericsson Mobile Communications, Vice President & Global Head of Strategy and Corporate Development, London/Lund (Sweden); 2010–2013 OC Oerlikon Group Executive Vice President & Head of Group Business Development, Member of Executive Leadership Team, Pfäffikon (Switzerland); 2014–2016 EVP Strategy & Business Development (later EVP Marketing & Business Development) and member of the Executive Board of the Ascom Group; Since 1 October 2018 Chief Sales and Marketing Officer and member of the Executive Board of the Ascom Group

Changes in the Executive Board

The Executive Board remained unchanged in 2018.

Mandates outside the Ascom Group of members of the Executive Board

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Executive Board may occupy or exercise – subject to the approval of the Board of Directors – one additional position against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Executive Board may occupy or exercise three uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- In addition to these mandates, members of the Executive Board may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the instructions of the Company.

	Mandates outside the Ascom Group against compensation	Mandates outside the Ascom Group without compensation
Holger Cordes	None	None
Anette Weber	Xing SE, Hamburg (Germany) ¹	None
Claes Ödman	Sensys Gatso Group AB, Stockholm (Sweden) ¹	None
Francis Schmeer	None	None

¹ Publicly listed company.

Executive Committee

The Executive Committee is an extended panel, which supports the Executive Board. In addition to the members of the Executive Board, it consists of the following further members as of 1 January 2019:

Dr Daniel Lack	Company Secretary/ Senior VP Legal & Communications/IR
André Neu	CTO
Rolf Veldman (until 30 November 2018)	VP Human Resources

Rolf Veldman, Vice President Human Resources, resigned as member of the Executive Committee as of 30 November 2018 to resume new tasks within the Ascom Group.

Mode of operation of the Executive Board

As a rule, a half- or full-day meeting of the Executive Board is held on a monthly basis. Additional meetings or conference calls are held as and when necessary. 13 meetings were held in 2018.

Management contracts

There are no management contracts within the Ascom Group.

Business relationships with closely related companies and persons

No significant business transactions exist with closely related companies or persons.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

All details of compensation, shareholdings and loans are listed in the Remuneration Report on pages 42 to 57 to this Annual Report.

Statutory rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set in Articles 20b and 20c of the Articles of Association. The rules regarding the approval of the remuneration by the Annual General Meeting are set in Article 20e. The Articles of Association are available under www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/corporate-governance/ascom-articles-association-en.pdf

6. SHAREHOLDERS' PARTICIPATION RIGHTS

Voting rights and protective rights

Shareholders in Swiss publicly listed companies have extensive participation and protective rights governed in principle by the Swiss Code of Obligations (OR) and supplemented by the respective Company's Articles of Association.

Annual General Meeting

Voting rights and representation

- Each share entitles the holder to one vote represented at the Annual General Meeting. There are no voting right restrictions.
- Each shareholder may be represented at the Annual General Meeting by a third person who is authorized as proxy in writing or by the Independent Representative.
- Sole proprietor companies, partnerships and legal entities may be represented persons with written authorization to act on their behalf.
- The Board of Directors makes the requisite arrangements to determine voting rights and to establish the results of votes and elections.

Independent Representative

According to the Articles of Association, the General Meeting elects an Independent Representative. The term of office of the Independent Representative ends with the closing of the ordinary General Meeting following the election of the Independent Representative. Re-election is admissible. If the Company has no Independent Representative, the Board of Directors designates an Independent Representative for the next General Meeting.

The Independent Representative is obliged to vote the shares for which he or she received proxies in accordance with the instructions given. If he or she has not received any instructions with respect to votes, he or she abstains from voting the respective shares. The general instruction for motions contained and/or not contained in the invitation to vote in line with the motion of the Board of Directors qualifies as a valid instruction for the exercise of the voting right.

The shareholders elected at the Annual General Meeting held on 11 April 2018 Franz Müller, Berne, as Independent Representative for a term of one year until the completion of the Annual General Meeting 2019, and Dr Alexander Kern, Berne, as his deputy. Franz Müller and Dr Alexander Kern are independent and have no further mandates for the Ascom Group.

All shareholders have the possibility to register on the Sharepany platform and to give online instructions to the Independent Representative. Details of the electronic proxies and voting instructions to the Independent Representative are explained in the invitation to the Annual General Meeting (www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html).

Resolutions and elections

The General Meeting is capable of passing resolutions regardless of the number of shares represented.

Unless the law or the Articles of Association require otherwise, the General Meeting shall pass resolutions and elections with an absolute majority of the votes validly cast, whereby abstentions, blank votes and invalid votes shall not count as votes cast.

The Board of Directors shall define the voting procedure. Shareholders representing registered shares with a nominal value of CHF 100,000 may request a secret ballot. This threshold corresponds to 0.5% of the votes.

According to Article 704 of the Swiss Code of Obligations, the following resolutions of the General Meeting require at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented to be passed: changing the Company's purpose; creating voting shares; changing limitations on transferability of registered shares; an authorized or conditional capital increase; a capital increase out of equity, against asset contribution or for the purpose of asset takeover and the granting of special benefits; limiting or revoking of subscription rights; relocation of the Company's registered office; dissolution of the Company.

Convocation of the General Meeting

The General Meeting is convened by the Board of Directors or, if needed, by the auditors.

Convocation is effected no later than 30 days before the date of the meeting by a single announcement in the Company's publication of record (the Swiss Official Gazette of Commerce – SOGC) and by letter to the registered shareholders.

Agenda

In accordance with Article 699 para. 3 of the Swiss Code of Obligations, requests to place an item on the agenda must be submitted to the Board of Directors no later than 45 days before the date of the General Meeting. The party submitting such request must represent shares of at least CHF 100,000 par value.

The invitation to submit agenda items is published in a single announcement in the Company's publication organ (the SOGC).

Registration in the share register

All shareholders recorded in the share register as voting shareholders 10 days before the date of the General Meeting are admitted to the meeting and entitled to vote.

The Board of Directors is empowered to strike entries from the share register with retroactive effect to the registration date if, after consulting the parties involved, it determines that such entries have been made based on false information on the part of the acquirer.

Shareholders who dispose of their shares before the General Meeting are no longer entitled to vote.

Annual General Meeting 2018

18,937,226 votes or about 52.6% of the share capital were represented at the Annual General Meeting 2018, which was held on 11 April 2018 in Cham, Switzerland. The shareholders voted in favor of all proposals of the Board of Directors by a clear majority.

All resolutions including the election of the members of the Board and the dividend proposal were approved with majorities of over 95%.

7. CHANGE OF CONTROL AND DEFENSIVE MEASURES

Obligation to submit a purchase offer

The Articles of Association of Ascom Holding AG contain neither an opting-out nor an opting-up clause (Article 125 Financial Market Infrastructure Act [FMIA]). Any party who acquires one-third (33 $\frac{1}{3}$ %) of share capital in Ascom Holding AG is obliged under Article 135 FMIA to submit a public purchase offer for the remaining shares.

Change of control clauses

Contracts of employment with members of the Executive Board, other members of the Executive Committee or other members of the senior management provide for no special severance payment.

The period of notice for members of the Executive Board is maximal 12 months.

In the event of a takeover and a delisting of the Company, the participants of the Ascom share matching plans shall receive the same number of matching shares as they hold investment shares at the date of the publication of the delisting.

8. AUDITORS

Auditors

The auditors are appointed by the Annual General Meeting for a term of one year. PricewaterhouseCoopers AG, Zurich (formerly STG-Coopers&Lybrand Ltd), have acted as auditors since 1987. According to the Swiss Code of Obligations, the lead auditor has to be rotated at least every seven years. Thomas Wallmer is auditor-in-charge since 2015.

Auditing fee

PricewaterhouseCoopers AG was paid compensation of CHF 451,400 (previous year: CHF 451,600) for services in connection with auditing the annual financial statements of Ascom Holding AG and the Group companies as well as the consolidated statements of the Ascom Group for the year ended 31 December 2018.

Additional fees

PricewaterhouseCoopers AG was paid no additional non-audit-related fees in 2018 (2017: CHF 20,100).

Monitoring and control instruments

As a committee of the Board of Directors, the Audit Committee evaluates the performance, fees and independence of the external auditors each year.

The external auditors prepare a detailed audit report at least once a year and report in detail to the Audit Committee. The main findings and recommendations contained in the audit reports of the external auditors are then discussed in detail with the CFO.

In 2018, the external auditors drew up one detailed management report in relation to the Annual Report. The external auditors attended two of the Audit Committee meetings held in 2018.

Each year, the Board of Directors reviews the selection of auditors in order to propose them to shareholders for appointment at the Annual General Meeting. The aim is to ensure the general independence of the auditors as well as the personal independence of the auditor-in-charge and determine their understanding of Ascom's business activities and the specific business risks relevant for Ascom, the nature of collaboration between the external auditors and the Audit Committee,

and the manner in which support is provided for implementation of the legal provisions as well as requirements from regulation and accounting standards (Swiss GAAP FER).

The Audit Committee assesses the effectiveness of the auditors in compliance with the legal provisions in Switzerland. The Board of Directors bases the rotation cycle for the auditor-in-charge on the relevant provisions of the Swiss Code of Obligations, according to which the auditor-in-charge may perform this mandate for no more than seven years.

The Audit Committee also examines the ratio between the fee for the annual audit and fees for additional services performed by the auditors, in order to ensure that the auditors' independence is not impaired. For the 2018 reporting year, the Board of Directors concluded that the auditors' independence was fully assured.

9. INFORMATION POLICY

The Board of Directors and the Executive Board have undertaken measures to align their organizational structure with the latest corporate governance standards.

Ascom's information policy is based on commitment to a high degree of transparency and equal treatment of all stakeholder groups. Corporate Communications/ IR come under the remit of the Company Secretary. Ascom provides a wide range of communication tools to keep its shareholders, the media, analysts and other stakeholder groups informed:

Publications

- Annual Report
- Half-Year Report
- The official publication organ is the Swiss Official Gazette of Commerce (SOGC) (www.shab.ch)

Events

- Annual Media Conference and Half-Year Media Conference for media representatives and analysts
- Ad hoc media conferences and analyst calls
- Analyst & Investor Day
- Annual General Meeting of Shareholders
- Road shows for institutional investors

Media releases

In accordance with the provisions of the SIX Swiss Exchange, Ascom publishes information on an ad hoc and regular basis. Furthermore, Ascom publishes Ascom media releases on significant business activities and on important product and service innovations.

Online communication

The website www.ascom.com provides a comprehensive overview of the Company's structure and activities and the offerings of the individual business units.

All media releases and presentations at media conferences can be downloaded from the website at www.ascom.com/news-and-events/financial-news and www.ascom.com/news-and-events/Ascom-business-news.html and www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html. Media releases may also be received by e-mail by subscribing to the News Service on the website.

The Articles of Association of Ascom Holding AG, the Organization Regulations, a current extract from the Commercial Register, the Code of Business Conduct and the share registration guidelines can also be downloaded from the website under "Corporate Governance" (www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html). The minutes of past Annual General Meetings are available at <https://www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/annual-general-meeting/agm-2018/ascom-agm-minutes-2018.pdf>

Implementation of publication requirements under stock exchange regulations

The Board of Directors has issued an Annex to the Organization Regulations entitled "Corporate Policy and Procedure on Insider Trading", which in particular prohibits Ascom employees and governing bodies of Ascom from engaging in insider trading. An absolute ban on trading applies during a period of four weeks (or earlier as defined by the CFO) prior to the publication of the annual results and half-year results.

Information on management transactions is published at <https://www.six-exchange-regulation.com/en/home/publications/management-transactions.html>. Detailed information on disclosure announcements can be viewed at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

Dates and contacts

A list of important dates in 2019 and Corporate Communications and Investor Relations contacts is provided on page 107 of this Annual Report.

10. CORPORATE GOVERNANCE RATING

The Ascom Board of Directors and Executive Committee are committed to the highest standards of good corporate governance and transparency.

Ascom is ranked number 7 (2017: number 1) in corporate governance among 168 publicly listed Swiss companies according to the Corporate Governance study 2018 of zRating (www.zrating.ch). The study covered the following topics:

- Shareholder base and capital structure
- Shareholders' participation rights
- Composition of the board and the executive management/information policy
- Remuneration and participation model for the members of the board and the executive management