



Governance Principles

WABCO Holdings Inc. (the "Company" or "WABCO") Corporate Governance Guidelines (the "Guidelines")

The Company's Board of Directors (the "Board") exercises its oversight and decision-making duties to pursue the best interests of the Company and its stockholders and to ensure the longterm success of the Company's business.

Closely tied to the Company's objective of enhancing stockholder value is the Board's commitment to the fundamental corporate governance principles that are described in this document and the written charters of the Board's Committees (as defined in Section B herein). Collectively, these documents and the principles contained therein establish the general corporate governance framework for the Company and demonstrate the Board's corporate accountability and desire for the Company to achieve superior business performance.

A. BOARD COMPOSITION AND COMPENSATION

- 1. Selection of Directors.** The Board is responsible for nominating candidates to the Board and for filling vacancies that occur between annual meetings of stockholders. The Compensation, Nominating and Governance Committee is responsible for identifying, screening and recommending candidates to the Board. Stockholders may also nominate candidates for the Board's consideration by following the directions set out in the Company's by-laws.
- 2. Board Membership Criteria.** The Compensation, Nominating and Governance Committee is responsible for determining the appropriate skills and characteristics required of directors. It will consider judgment, age, skills, gender, ethnicity, race, culture, thought, geography and other measures to ensure that the Board as a whole reflects a range of viewpoints, backgrounds, skills, experience and expertise.
- 3. Number of Independent Directors on Board.** A majority of the Board should be independent, as described below.
- 4. Determination of Director Independence.** The Compensation, Nominating and Governance Committee reviews the status of each director and recommends to the Board whether directors meet independence requirements. The guiding principle of the Company is that the only money or perquisites received, directly or indirectly, by independent directors or their immediate family members from the Company is the remuneration directly related to the director's service as a director of the Company. To assist the directors in making determinations of director independence, the Board has adopted a definition of director independence which is attached to these Guidelines as Annex A.
- 5. Change in Directors' Status.** Directors should volunteer to resign from the Board upon a material change in their position, including retirement from the position they held when they were elected to the Board. The Board will then determine whether continued Board membership is appropriate under the circumstances. This procedure applies when the Company's Chief Executive Officer ("CEO") resigns or retires from that position.
- 6. Term Limits.** There are no term limits for directors.
- 7. Retirement.** A Director may not stand for election after the year in which he or she reaches the age of 75.
- 8. Selection of Chairman and CEO.** The Board elects the chairman of the Board (the "Chairman"). At this time, the Board believes that it is appropriate and efficient for the Company's Chief Executive Officer also to serve as the Chairman of the Board. However, the Board retains the authority to separate those functions if it deems such action appropriate in the future.
- 9. Lead Director.** The independent members select an independent director to serve as Lead Director. It is generally expected that the same director will serve as Lead Director for a two-year term. The Compensation, Nominating and Governance Committee is responsible for recommending lead director candidates to the Board after consultation with the Chairman of the Board. The Lead Director coordinates the activities of the other non-management directors, and performs such other duties and responsibilities as the Board may determine.

Specific duties of the Lead Director include: presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management directors; serving as liaison between the Chairman and the nonmanagement directors; reviewing in advance, in consultation with the Chairman, the schedule and agenda for all Board meetings; approving the quality, quantity and timeliness of information sent to the Board; calling meetings of the nonmanagement directors; and authorizing the retention of outside advisors and consultants who report directly to the Board on board-wide issues.

10. **Director Compensation.** Directors' compensation and benefits are based on applicable market practices for comparable companies as determined by the Compensation, Nominating and Governance Committee. Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending Board or Committee meetings and may be extended the use of company owned or leased aircraft when traveling on Company business or when commercial air travel arrangements are unavailable or impractical for travel to and from Board and Committee meetings. Non-management directors receive compensation for their board service. Management directors do not receive compensation for their board service. The Compensation, Nominating and Governance Committee reviews directors' remuneration and recommends any changes to the Board.
11. **Service on Other Boards.** The Board believes that service on the boards of other companies, and of civic and charitable organizations, enhances the experience and perspective of directors, but may also limit their time and availability to the Company. Before accepting an invitation to serve on another public company board or Committee, directors must advise the Company's General Counsel and must advise and receive the approval of the chairman of the Compensation, Nominating and Governance Committee (the "Governance Committee Chairman"). To ensure that all directors have sufficient time to devote proper attention to their responsibilities as directors of the Company, unless otherwise approved by the Compensation, Nominating and Governance Committee, directors who are fully employed are required to limit their external directorships of other public companies to two and directors who are not fully employed are required to limit their external directorships of other public companies to four.
12. **Service on Audit Committees.** Members of the Audit Committee shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board: (a) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee; and (b) discloses such determination in the Company's annual proxy statement.

B. BOARD AND COMMITTEE MEETINGS; PERFORMANCE

1. **Board and Committee Meetings.** There are six regularly scheduled Board meetings each year; with additional meetings held as needed. The Chairman proposes a master agenda at the beginning of each year for review and approval by the Board (additional agenda items may be scheduled as needed). Committees prepare their own calendar of meetings and master agendas, which are reviewed with the Board. Materials for Board and Committee meetings are distributed in advance to the extent reasonably possible.
2. **Committees.** The Board has two standing committees (each a "Committee" and collectively, the "Committees"): (a) the Audit Committee; and (b) the Compensation, Nominating and Governance Committee. Only independent directors may serve on the Audit Committee and the Compensation, Nominating and Governance Committee.
 - a. **Audit Committee** – The Audit Committee reviews the scope of internal and independent audits, the Company's quarterly and annual financial statements and annual report on Form 10-K, the adequacy of management's implementation of internal controls, the Company's accounting policies and procedures and significant changes in accounting policies and the Company's business conduct and conflicts of interest policies and practices. In addition, the Committee appoints the independent public accountants, subject to stockholder ratification, and reviews their independence and performance and the reasonableness of their fees. The Committee also reviews compliance with the Code (as defined herein), major litigation, compliance with environmental standards and the investment performance and funding of the Company's retirement plans.
 - b. **Compensation, Nominating and Governance Committee** – The Compensation, Nominating and Governance Committee identifies individuals qualified to become members of the Board, recommends to the Board director nominees for presentation at the annual meeting of stockholders and nominees to fill vacancies on the Board, considers and makes recommendations concerning director nominees proposed by stockholders and recommends Board Committee memberships, including Committee chairpersons. In addition, the Committee develops and recommends to the Board corporate governance principles for the company and processes for Board evaluations. The Committee is responsible for reviewing and making recommendations concerning (i) compensation of directors and (ii) officers' salaries and employee benefit and executive compensation plans, and also administers certain of the Company's employee benefit and compensation plans, including the Company's incentive compensation and stock incentive plans. The Committee also reviews and approves performance goals and objectives for all elected officers, including the CEO, evaluates performance against objectives and based on its evaluation, approves all officers' base and incentive compensation. Further, the Committee evaluates executive succession plans, the quality of management, and leadership and management development.
3. **Executive Sessions.** The non-management directors meet in executive session at every Board meeting. The Lead Director presides over executive sessions of the non-management directors.
4. **Directors Access to Management.** The Board has complete access to management and to information regarding

the Company's operations, including access to the Company's internal employee-only website. Members of senior management who are not Board members regularly attend Board and Committee meetings and bring other managers into Board meetings to provide insight regarding matters being discussed in their areas of expertise. The CEO is also encouraged to offer managers the opportunity to have exposure to the Board as part of the development of the Company's management.

5. **Board Contact with Institutional Investors, Media, Stockholders and Customers.** The Board believes that management should speak for the Company. Each director generally should refer all inquiries from institutional investors, the media, stockholders or customers to management, through the Vice President Investor Relations. The directors may, upon request by the Board or management, meet or speak with outside individuals involved with the Company. The directors are expected to attend the annual meeting of stockholders.
6. **Director Access to Independent Advisors.** In addition to the authority provided by Delaware law, the Compensation, Nominating and Governance Committee has the sole authority to (i) retain and terminate outside consultants for the purpose of identifying candidates qualified to serve as a director; and (ii) retain compensation and benefits consultants or other experts to provide independent advice to it. The Audit Committee confers with the Board regarding the retention of, and meets regularly with, the Company's outside auditors, and is directly responsible for the appointment, compensation, retention and oversight of the work of the Company's outside auditors and approves all audit and permitted non-audit work by the Company's outside auditors. The Compensation, Nominating and Governance Committee has the sole authority to retain compensation and benefits consultants or other experts to provide independent advice to it.
7. **New Director Orientation.** The Compensation, Nominating and Governance Committee maintains an orientation program for new directors.
8. **Director Education.** The Board provides educational opportunities for directors through, among other things, the new director orientation program, visits to the Company's manufacturing facilities, presentations by outside speakers and attendance to outside seminars and trainings including ISS education programs.
9. **Evaluations.** The Board evaluates its performance annually, led by the Compensation, Nominating and Governance Committee. Each committee evaluates its performance annually and reviews the results of its evaluation with the full Board.

C. LEADERSHIP DEVELOPMENT

1. **Evaluation of CEO.** Annually, the Board will meet with the CEO to review his or her performance. The evaluation is based on objective criteria including performance of the business, accomplishment of long-term strategic goals and development of management succession plans. The Compensation, Nominating and Governance Committee is responsible for making specific recommendations to the Board regarding compensation for the Company's executive officers, including the CEO, based on these criteria. The Board will then meet in executive session of independent directors to review the CEO's performance and to determine his or her compensation based on the Compensation, Nominating and Governance Committee's recommendation. The Lead Director will report the results of the executive session to the CEO.
2. **Succession Planning.** The Board will meet at least annually with the CEO and the Chief Human Resources Officer to review planning for succession to the CEO and other senior management positions. As part of this review the Board will also discuss the management development progress of company executives. The Board will maintain a short-term succession strategy in the event one or more senior officers of the Company unexpectedly becomes unable to fulfill his or her duties.

D. OTHER COMPANY POLICIES

1. **Code of Conduct and Ethics.** The Company's Code of Conduct and Ethics (the "Code"), which has been adopted by the Board, applies to directors, officers, senior financial officers, and all other employees. It is designed to eliminate conflicts of interest, to ensure proper reporting of company performance to the public, and otherwise to enhance ethical and legal behaviors by all employees of the Company. No waivers or exceptions to the Code with respect to directors and executive officers will be permitted without approval of the Audit Committee. Any waiver of any provision of the Code will be made public through the filing of a Form 8-K with the SEC. The Code is available to Company employees in local languages and is accessible through the Company's website.
2. **Charitable Contributions.** Charitable contributions by the Company or any charitable foundation of the Company will be made only in the best interests of the Company and not in the personal interests of any director, officer or employee.

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