

# AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

## CORPORATE GOVERNANCE GUIDELINES

The following guidelines were adopted by the Board of Directors of American Axle & Manufacturing Holdings, Inc. (AAM) and, along with the charters and practices of the Board and its committees, provide the framework for the corporate governance of AAM. These guidelines are subject to change as the AAM Board of Directors (Board) may find necessary or advisable. These guidelines are available on the AAM website and written copies will be provided to stockholders without charge upon request.

### **Role of the Board and Management**

AAM's executive officers and senior management, under the direction of the Chief Executive Officer (CEO), are responsible for the operations of the company; implementation of strategic, financial and management policies; identification, assessment and management of risk and risk mitigation strategies; preparation of financial statements and other reports that accurately reflect requisite information about the company; and timely reports that inform the Board about the foregoing matters. The AAM Board is elected by stockholders to oversee top management and to ensure that the interests of stockholders are being served. The principal functions of the Board, as a whole or through its committees, are to:

- Review, approve and monitor AAM's major strategic financial and business activities and corporate activities;
- Review, approve and monitor AAM's annual operating budget and evaluate the company's performance to the budget;
- Assess major risks and opportunities facing the company and review options for addressing them;
- Evaluate the performance of the CEO;
- Plan for the succession of the CEO and other executive officers;
- Oversee and evaluate management's systems for internal controls over financial reporting and public disclosure;
- Ensure that processes are in place for maintaining the ethical conduct of the company, including the integrity of its financial statements and its compliance with applicable laws and regulations;
- Identify, evaluate and nominate candidates for the Board; and
- Undertake an annual performance evaluation of the Board and the Audit, Compensation, Nominating/Corporate Governance, and Technology Committees.

### **Size of Board**

The Board shall consist of such number of directors, not less than three, as shall from time to time be fixed exclusively by resolution of the Board.

### **Board Structure**

AAM's Board is divided into three classes. The members of each class of directors serve for staggered three-year terms. The Board believes that staggered election of directors helps to maintain continuity and ensure that a majority of directors at any given time will have in-depth knowledge of AAM. Directors hold office until the expiration of their respective terms and their successors have been elected and qualified, or until their earlier death, resignation or removal.

## **Selection of Directors**

The Board has delegated to the Nominating/Corporate Governance Committee the responsibility for identifying, evaluating and recommending nominees for membership on the Board, in consultation with the Chairman of the Board.

**Qualifications.** Candidates for director nominees to the Board are reviewed in the context of the current composition of the Board, the company's business and strategic goals and the interests of our stockholders. Although specific qualifications for Board membership may vary from time to time, desired qualities to be considered include:

- The highest ethical character and shared values with AAM as reflected in AAM's Vision, Mission, and Delivering Power Cultural Values;
- Loyalty to AAM and concern for its success and welfare;
- High-level leadership experience and achievement at a policy-making level in business, educational or professional activities;
- Breadth of knowledge about issues affecting AAM;
- Ability to contribute special competencies to Board activities, such as financial, technical, international business or other expertise, or industry knowledge;
- Willingness to apply sound, independent business judgment;
- Awareness of a director's vital role in the company's corporate citizenship and corporate image; and
- Sufficient time and availability to effectively carry out a director's duties.

The Board as a whole should reflect the appropriate balance of knowledge, experience, skills, expertise and diversity that, when taken together, will enhance the quality of the Board's deliberations and decisions. The Board believes that diversity is an essential element of Board effectiveness. Consistent with this philosophy, the Board is committed to including in each search qualified candidates who reflect diverse backgrounds, including diversity of gender and race.

**Independent Directors.** A majority of the Board must be independent. Generally, a director is independent as long as he or she has no direct or indirect material relationship with the company, either directly or as a partner, shareholder or officer of an organization that has a relationship with AAM. The Board annually makes an affirmative determination regarding the independence of each director based on the recommendation of the Nominating/Corporate Governance Committee. The Board makes its independence determination on a case-by-case basis, after consideration of all relevant facts and circumstances. To assist the Board in making its independence determination, the Board has adopted Director Independence Guidelines that satisfy the independence requirements of the New York Stock Exchange (NYSE) corporate governance listing standards. The Board's Director Independence Guidelines are attached as Appendix A.

**Selection Process — New Board Candidates.** The Nominating/Corporate Governance Committee identifies, evaluates and recommends prospective directors to the Board. In consultation with the Chairman of the Board, the Committee identifies the need to add a new director or fill a vacancy on the Board and makes recommendations to the Board based on referrals from any Board member or other appropriate source. The qualifications of potential candidates are evaluated and, following this initial screening, individuals meeting the Board's criteria are recommended for further consideration and interviews by the Chairman of the Nominating/Corporate Governance Committee and other Board members, as appropriate under the circumstances. As a final step, the Nominating/Corporate Governance Committee recommends the candidate(s) for Board approval.

***Nominees for Re-election.*** The Board believes that directors should not expect automatic re-nomination for successive terms of office. Accordingly, incumbent directors are subject to evaluation by the Nominating/Corporate Governance Committee and/or the Board before being nominated for re-election by our stockholders. The Board considers, among other things, the incumbent director's meeting attendance record and contributions to the activities of the Board.

***Vacancies.*** The Board may fill vacancies in existing director positions. A director appointed by the Board as a result of a vacancy serves the remainder of the term for the position filled.

### **Director Responsibilities**

Directors are expected to attend all Board and committee meetings for which they serve, and the annual meeting of stockholders. Although 100% attendance is expected, the Board considers 75% attendance at quarterly Board and committee meetings to be a minimum requirement. Directors are also expected to review all background and explanatory materials provided in advance of meetings and to participate in all meetings as appropriate.

### **Term Limits; Retirement Policy**

Although the Board has not set age or term limits, the Board believes that in most circumstances directors should not stand for re-election for a term in which they reach age 72.

### **Significant Changes in Director Circumstances**

If a director's occupation or other relevant circumstances change significantly, or if a director becomes unavailable for active Board or committee participation, that director must offer his or her resignation in writing to the Chairman of the Board and the Chairman of the Nominating/ Corporate Governance Committee for consideration by the full Board. The Nominating/ Corporate Governance Committee, in consultation with the Chairman of the Board, will evaluate the circumstances and recommend appropriate action, if any, with respect to the offer of resignation. To the extent possible, a director should provide advance notice of such change in circumstances to enable Board consideration and planning.

### **Limitations on Other Board Service**

The Board expects its members to have sufficient time and availability to effectively serve AAM and its stockholders. Accordingly, directors should not serve concurrently on more than three other public and private for-profit company boards. Directors serving on the Audit Committee shall not serve on more than two other audit committees of public companies. In addition, service on other boards or associations must not violate AAM's conflict of interest policy. Directors must notify the Chairman of the Board and the Chairman of the Nominating/Corporate Governance Committee in writing before accepting an invitation to serve on another public or private for-profit company board.

### **Director Orientation and Education**

AAM maintains a director orientation program that includes written material, presentations by senior executives, and visits to major AAM manufacturing facilities. Directors are expected to attend the annual meeting of stockholders and are invited to attend AAM's Executive Leadership Conference and other company events. AAM will support attendance at continuing education seminars and conferences for directors.

## **Functioning of the Board**

**Board Leadership.** The independent directors elect the Chairman of the Board, who may or may not be the CEO of the company. The Chairman of the Board shall preside at all meetings of stockholders and of the Board as a whole, and shall perform such other duties and exercise such powers as from time to time shall be prescribed in the company's by-laws or by the Board. If the individual elected as Chairman of the Board is the CEO, the independent directors shall also elect a lead independent director to preside over executive sessions of the independent directors and perform such other duties as may be specified by the Board from time to time. The lead director also serves as a liaison between the Chairman of the Board and the independent directors. The Board may maintain an independent lead director position on the Board in the event the Chairman of the Board and CEO positions are not combined.

**Board Meetings.** The Board holds a minimum of four regularly scheduled meetings each year, normally on a calendar quarterly basis, or more often as necessary or appropriate.

**Agenda.** The Chairman of the Board, taking into account suggestions from other members of the Board and senior management, will set the agenda for each Board meeting, and will distribute the agenda in advance of the meeting.

**Advance Distribution of Materials.** Board materials related to agenda items are generally provided to Board members sufficiently in advance of Board meetings to allow directors to prepare for discussion of the items at the meeting. Occasionally, materials related to certain confidential issues or other matters may not be appropriate or timely for prior distribution and/or retention by Board members.

**Access to Senior Management and Outside Advisors.** Members of senior management attend Board meetings or portions thereof to provide information required by the Board to fully understand the matters being considered. Generally, presentations related to issues under consideration by the Board are made by the senior executive responsible for the applicable area of the company's operations. In addition, the CEO may invite other AAM executives or associates to attend Board meetings. The Board may retain independent legal counsel and other advisors to assist in performing its duties to the company and its stockholders.

**Executive Sessions of Non-employee and Independent Directors.** Non-employee directors meet without the presence of AAM management in regularly scheduled executive sessions. Independent directors meet in executive session (without management or non-independent directors present) at least once a year. An independent director has been selected to serve as the lead director for all meetings of non-employee directors held in executive session. Such meetings take place upon conclusion of the full Board's regularly scheduled meetings. Upon conclusion of executive sessions, the full Board may reconvene to receive feedback (as appropriate) from attendees of the executive sessions or the lead director may advise the Chairman of the Board as appropriate.

**Committees.** The Board considers all major decisions of AAM. However, the Board has established five standing committees to assist the Board in discharging its responsibilities: (1) the Audit Committee, (2) the Compensation Committee, (3) the Nominating/Corporate Governance Committee, (4) the Executive Committee and (5) the Technology Committee. The members and chairs of all Board committees are recommended to the full Board by the Nominating/Corporate Governance Committee in consultation with the Chairman of the Board.

Each member of the Audit, Compensation and Nominating/Corporate Governance Committees must be independent as determined by the Board pursuant to the Board's Director Independence Guidelines

and applicable listing standards, laws and related rules and regulations. The committees generally hold meetings in conjunction with scheduled meetings of the full Board. Each standing committee operates under a written charter setting forth the committee's purpose and responsibilities. Each standing committee annually reviews the adequacy of its charter and recommends changes to the Board. Charters of the Audit, Compensation and Nominating/Corporate Governance Committees are maintained on the AAM website and copies will be provided to stockholders without charge upon request.

### **Performance Evaluations; Succession Planning**

**Annual CEO Evaluation.** The Compensation Committee reviews and approves corporate goals and objectives related to compensation of the CEO and other executive officers, consistent with employment agreements, if any. Independent directors not on the Compensation Committee may provide input regarding CEO performance and the Board as a whole may discuss the CEO's compensation (without the CEO present). The Compensation Committee determines CEO compensation based on performance of the CEO and that of the Company, in accordance with the terms of any employment agreement and pursuant to applicable executive compensation plans and programs established by the Committee from time to time.

**Board and Committee Self-Evaluation.** The Nominating/Corporate Governance Committee is responsible for developing an annual self-evaluation process for the full Board and all standing committees. The Nominating/Corporate Governance Committee will administer the self-evaluation process for the full Board and deliver to the Board a summary of the results of the Board's self-evaluation, assessing the Board's compliance with these guidelines and identifying areas in which the Board could improve its operations. The chairs of each standing committee will deliver a summary of their respective committee's self-evaluations to the full Board.

**Succession Planning.** The Nominating/Corporate Governance Committee oversees and approves the management continuity process. The Nominating/Corporate Governance Committee evaluates the succession plans of the CEO and other executive officers and, in consultation with the CEO, makes recommendations to the Board on the selection of individuals to occupy these positions.

### **Board Compensation**

The Compensation Committee is responsible for recommending to the Board compensation and benefits to non-employee directors. The Compensation Committee periodically reviews appropriate market data to determine market competitive compensation for non-employee directors.

### **Director Stock Ownership**

The Board recommends that non-employee directors maintain ownership of at least five times the annual retainer in shares of AAM common stock. Shares owned directly, deferred restricted stock units, and unvested restricted stock units are counted as owned for purposes of these guidelines. Non-employee directors are expected to reach the recommended level of stock ownership within three years from the date of election to the Board.

### **Board Interaction with Investor Groups, the Media and Others**

The CEO is responsible for establishing effective communications and designating company spokespersons for interaction with investor groups, equity analysts, government officials, the media and others. Generally, AAM's policy is that AAM speaks through its management as designated by the

CEO. However, Board members may participate in the Company's stockholder outreach activities from time to time.

### **Ethics and Conflict of Interest**

The Board expects members of the AAM Board, as well as executive officers and associates, to act ethically at all times and to comply with the AAM Code of Business Conduct. If an actual or potential conflict of interest arises for a director, the director must promptly inform in writing the Chairman of the Board and the Chairman of the Nominating/Corporate Governance Committee. Upon the recommendation of the Nominating/Corporate Governance Committee, in consultation with the Chairman of the Board, the Board will resolve the matter in the best interests of the company. AAM's Code of Business Conduct is available on the AAM website.

### **Stockholder Communication with the Board**

Stockholders may communicate with the Board through the Secretary of AAM by mail at AAM's World Headquarters at One Dauch Drive, Detroit, Michigan 48211-1198 or by e-mail at [AAMBoardofDirectors@aam.com](mailto:AAMBoardofDirectors@aam.com). Depending on the subject matter of the communication, the Secretary will:

- forward the communication to the director or directors to whom it is addressed;
- handle or refer the matter to the appropriate AAM department or representative;
- not forward the communication if it is a commercial solicitation or other inappropriate topic for Board consideration;
- forward the communication to the Audit Committee if it is a matter relating to accounting, internal accounting controls or auditing matters of the company; or
- forward the communication to any director or the Board upon request.

Periodically, the Secretary will present a summary of substantive communications received and make such communications available to Board members.

## Appendix A to Corporate Governance Guidelines

### American Axle & Manufacturing Holdings, Inc. Board of Directors

#### Director Independence Guidelines

A determination of director independence requires the Board to establish that a director does not have any direct or indirect material relationship with AAM<sup>(1)</sup>. In making an independence determination, the Board will consider all relevant facts and circumstances not only from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

A director will not be considered independent if, within the preceding three years, any of the following apply:

- the director was employed by AAM, or an immediate family member<sup>(2)</sup> served as an executive officer of AAM;
- the director received direct compensation from AAM, other than director and committee fees and pension or other forms of deferred compensation for prior service (and not contingent on continued service);
- an immediate family member received more than \$120,000 per year in direct compensation from AAM;
- the director is affiliated with or employed by AAM's independent auditor, or an immediate family member is affiliated with or employed in a professional capacity by AAM's independent auditor;
- the director or any of his or her immediate family members has been part of an "interlocking directorate" in which an executive officer of AAM serves on the compensation committee of another company that employs the director;
- the director is an executive officer or employee, or an immediate family member is an executive officer, of a company that makes payments to, or receives payments from, AAM for property or services in any single fiscal year, exceeding the greater of two percent (2%) of the annual consolidated gross revenue of that company or \$1 million; or
- the director is an executive officer of a charitable organization that has received contributions from AAM in any single fiscal year of more than \$1 million or two percent (2%) of the charitable organization's consolidated gross revenues, whichever is greater.

(1) AAM includes American Axle & Manufacturing Holdings, Inc. and all of its direct and indirect subsidiaries.

(2) *Immediate family member* includes spouse, parents, stepparents, children, stepchildren, siblings, mothers and fathers-in-law, sons and daughters-in-law and brothers and sisters-in-law and anyone (other than tenants or employees) who share the director's home. *Immediate family member* shall be defined in accordance with NYSE listing standards in effect at the time of any independence determination by the Board.