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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON D.C. 20549**

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**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**STRATTEC SECURITY CORPORATION**  
(Name of Registrant as Specified in Its Charter)

**Registrant**  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**STRATTEC SECURITY CORPORATION**

3333 WEST GOOD HOPE ROAD  
MILWAUKEE, WISCONSIN 53209

**Notice of Annual Meeting of Shareholders  
to be held on October 8, 2019**

The Annual Meeting of Shareholders (the “Annual Meeting”) of STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the “Corporation” or “STRATTEC”), will be held at the Holiday Inn Milwaukee Riverfront Hotel, 4700 North Port Washington Road, Milwaukee, Wisconsin 53212, on Tuesday, October 8, 2019, at 8:00 a.m. local time, for the following purposes:

1. To elect one director to serve for a three-year term.
2. To approve a non-binding advisory proposal on executive compensation.
3. To consider and act upon a proposal to approve an amendment to the Corporation’s Amended and Restated Articles of Incorporation to provide for a majority voting standard for the election of director candidates in an uncontested election of directors.
4. To take action with respect to any other matters that may be properly brought before the Annual Meeting and that might be considered by the shareholders of a Wisconsin corporation at their annual meeting.

By order of the Board of Directors

PATRICK J. HANSEN,  
Secretary

Milwaukee, Wisconsin  
September 5, 2019

**Shareholders of record at the close of business on September 4, 2019 are entitled to vote at the Annual Meeting. Your vote is important to ensure that a majority of our stock is represented. Whether or not you plan to attend the Annual Meeting in person, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope. If you later find that you may be present at the Annual Meeting or for any other reason desire to revoke your proxy, you may do so at any time before it is voted. Shareholders holding shares in brokerage accounts (“street name” holders) who wish to vote at the Annual Meeting will need to obtain a proxy form and voting instructions from the institution that holds their shares.**

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**STRATTEC SECURITY CORPORATION**

3333 WEST GOOD HOPE ROAD  
MILWAUKEE, WISCONSIN 53209

**Proxy Statement for the 2019 Annual Meeting of Shareholders  
to be Held on October 8, 2019**

**Important Notice Regarding the Availability of Proxy Materials for the  
2019 Annual Meeting of Shareholders to be held on October 8, 2019:**

**This Proxy Statement and the Accompanying Annual Report  
are Available at [www.strattec.com](http://www.strattec.com)**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of STRATTEC SECURITY CORPORATION of proxies, in the accompanying form, to be used at the Annual Meeting of Shareholders of STRATTEC (the "Annual Meeting") to be held at the Holiday Inn Milwaukee Riverfront Hotel, 4700 North Port Washington Road, Milwaukee, Wisconsin 53212, on Tuesday, October 8, 2019, at 8:00 a.m., local time, and any adjournments thereof. Only shareholders of record at the close of business on September 4, 2019 will be entitled to notice of and to vote at the Annual Meeting. There will be no presentation regarding our operations at the Annual Meeting. The only matters to be discussed at the Annual Meeting are the matters set forth in this Proxy Statement for the 2019 Annual Meeting of Shareholders and such other matters as are properly presented at the Annual Meeting.

Our principal executive offices are located at 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. It is expected that our Annual Report to Shareholders, this Proxy Statement and the accompanying form of proxy will be mailed, furnished or otherwise made available to shareholders on or about September 5, 2019.

**GENERAL INFORMATION**

**Proxies and Voting Procedures**

The shares represented by each valid proxy received in time will be voted at the Annual Meeting and, if a choice is specified in the form of proxy, it will be voted in accordance with that specification. If you submit a proxy without providing voting instructions, the shares represented by that proxy will be voted "**For**":

- election to the Board of Directors of the sole nominee named on the accompanying proxy;
- approval of the non-binding advisory proposal on executive compensation; and
- approval of the proposed amendment to the Corporation's Amended and Restated Articles of Incorporation to provide for a majority voting standard for the election of director candidates in an uncontested election of directors.

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If any other matters are properly presented at the Annual Meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the individuals named as proxies and acting thereunder will have the authority to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. If the Annual Meeting is adjourned or postponed, a proxy will remain valid and may be voted at the adjourned or postponed meeting. As of the date of printing of this Proxy Statement, we do not know of any other matters that are to be presented at the Annual Meeting other than (1) the election of the nominee directors, (2) the non-binding advisory proposal on executive compensation, and (3) the proposal to approve the amendment to the Corporation's Amended and Restated Articles of Incorporation to provide for majority voting in the election of director candidates in uncontested elections.

Shareholders may revoke proxies at any time to the extent they have not been exercised by giving us written notice or by delivering a later executed proxy. Attendance at the Annual Meeting will not automatically revoke a proxy, but a record shareholder attending the Annual Meeting may request a ballot and vote in person, thereby revoking a prior granted proxy. The cost of solicitation of proxies will be borne by STRATTEC. Shareholders holding shares in brokerage accounts ("street name" holders) who wish to vote at the Annual Meeting will need to obtain a proxy form and voting instructions from the institution that holds their shares. Solicitation will be made primarily by use of the mail; provided, however, some solicitation may be made by our management employees, without payment of any additional compensation, by telephone, by facsimile, by email or in person.

### **Shareholders Entitled to Vote**

Only shareholders of record at the close of business on September 4, 2019 will be entitled to notice of and to vote at the Annual Meeting. On the record date, we had issued and outstanding 3,806,642 shares of our common stock, \$0.01 par value per share (the "Common Stock"), entitled to one vote per share.

### **Quorum; Required Vote**

A majority of the votes entitled to be cast at the Annual Meeting, represented either in person or by proxy, shall constitute a quorum with respect to the meeting. Under Wisconsin law and our Bylaws (as amended and restated), the vote required for approval of the matters specified in the Notice of the Annual Meeting is as follows:

- A plurality of votes cast is required for the election of directors. This means that the single director nominee with the most votes received will be elected. If the Corporation's shareholders approve the proposal to amend the Corporation's Amended and Restated Articles of Incorporation to provide for a majority voting standard in uncontested elections of directors, as described in Proposal 3 below, the amendment would become effective upon the filing of articles of amendment to the Corporation's Amended and Restated Articles of Incorporation with the Wisconsin Department of Financial Institutions and after such filing a majority voting standard in uncontested elections of directors would then replace the existing plurality voting standard (i.e., for annual meetings of the shareholders after the 2019 Annual Meeting).

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- Approval of the non-binding advisory proposal on executive compensation requires the number of properly cast votes in favor of this proposal to exceed the number of properly cast votes against this proposal.
- Approval of the amendment to our Amended and Restated Articles of Incorporation to provide for a majority voting standard for the election of director candidates in uncontested elections of directors requires the number of properly cast votes in favor of this proposal to exceed the number of properly cast votes against this proposal.
- Approval of any other matter that may properly be presented at the Annual Meeting will require the number of properly cast votes in favor of such matter to exceed the number of properly cast votes against such matter.

Abstentions and broker nonvotes (*i.e.*, shares held by brokers in “street name,” voting on certain matters due to discretionary authority or instructions from the beneficial owners but not voting on other matters due to lack of authority to vote on such matters without instructions from the beneficial owner) will count toward the quorum requirement but will not count toward the determination of whether the director is elected or whether such other matters noted above are approved. The Inspector of Election appointed by our Board of Directors will count the votes and ballots.

### **PROPOSAL 1: ELECTION OF DIRECTOR**

The proxies appointed in the accompanied form of proxy are expected to vote for the election of the sole nominee noted in the table below to serve as a director of STRATTEC. Our Board of Directors is divided into three classes, with the term of office of each class ending in successive years. One director is to be elected at the Annual Meeting to serve for a term of three years expiring in 2022 and four directors will continue to serve for the terms designated in the table shown below. As indicated below, the individual nominated by our Board of Directors for election at the Annual Meeting is an incumbent director. The table below also provides brief biographies of each of our incumbent directors, including the nominee director for this year’s Annual Meeting. We anticipate that the nominee listed in this Proxy Statement will be a candidate when the election is held. However, if an unexpected occurrence should make it necessary, in the judgment of the proxy holders, to substitute some other person for the nominee director, proxies will be voted for a substitute nominee selected by the proxy holders (except where a proxy withholds authority with respect to the election of directors).

#### **Director Qualifications**

The following table provides information as of the date of this Proxy Statement about the nominee for election to our Board of Directors at the Annual Meeting and about each of our incumbent directors who are continuing as directors of STRATTEC after the Annual Meeting. The information presented includes information each nominee or director has given us about his age, his principal occupation and business experience for the past five years, and the names of other



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publicly-held companies of which he currently serves as a director or has served as a director during the past five years. Our Nominating and Corporate Governance Committee regularly evaluates the mix of experience, qualifications, attributes and skills of our directors using a matrix of areas that this Committee considers important for our business. In addition to the information presented below regarding the nominee's or incumbent's specific experience, qualifications, attributes and skills that led our Nominating and Corporate Governance Committee to the conclusion that such person should serve as a director of STRATTEC, our Nominating and Corporate Governance Committee also considered the qualifications and criteria described below under "Corporate Governance Matters – Director Nominations" with the objective of creating a complementary mix of directors.

### **Board of Directors Recommendation**

**The Board of Directors recommends that shareholders vote FOR the election of Frank J. Krejci, as a director of STRATTEC, for a three year term expiring in 2022.**

<u>Name, Principal Occupation for Past Five Years and Directorships</u> <u>Nominee for election at the Annual Meeting (Class of 2022):</u>	<u>Age</u>	<u>Director Since</u>
<b>FRANK J. KREJCI</b> President and Chief Executive Officer of STRATTEC since September 1, 2012. President and Chief Operating Officer of STRATTEC from January 1, 2010 until August 31, 2012. President of Wisconsin Furniture, LLC (d/b/a The Custom Shoppe, a manufacturer of custom furniture) from June 1996 until December 31, 2009. Mr. Krejci is the sitting chief executive officer of STRATTEC and has gained extensive experience and skills through his activities as an executive of STRATTEC for the past number of years. His experience includes strategic planning, financial oversight, compensation matters, organizational development, mergers and acquisitions and manufacturing and engineering in related industries. This business experience led to the conclusion that he should serve as a director of STRATTEC.	69	1995
<b>MICHAEL J. KOSS</b> Chairman, President and Chief Executive Officer of Koss Corporation (a manufacturer and marketer of high fidelity stereophones for the international consumer electronics market) since 1989. Director and Chairman of the Board of Koss Corporation. Mr. Koss is a sitting chief executive officer of a public company. His experience includes strategic planning, financial oversight, compensation matters and organizational development. Moreover, his career includes extensive experience in the electronics industry,	65	1995

international business and highly engineered products. This business and career experience led to the conclusion that he should serve as a director of STRATTEC.

**DAVID R. ZIMMER**

73 2006

Retired managing partner and co-founder of Stonebridge Equity LLC (d/b/a Stonebridge Business Partners, a provider of consulting services and financing strategies primarily to automotive-related manufacturing businesses seeking to develop and complement growth plans, strategic partnerships with foreign companies and merger and acquisition strategies). Director and a member of the Audit Committee, Compensation and Executive Development and Finance and Risk Management Committees of Twin Disc Inc. Director and chairman of the Audit Committee and a member of the Nominating and Corporate Governance and Compensation Committees of Detrex Corporation through 2017.

Mr. Zimmer is a former chief executive officer of a public company and a chief financial officer of a subsidiary of a public company. His skill sets include strategic planning, financial oversight, compensation matters and organizational development. His career includes working several years in the automotive industry, international business in complex manufacturing related industries, as well as mergers and acquisitions experience. This business and career experience led to the conclusion that he should serve as a director of STRATTEC.

**Incumbent Directors (Class of 2021):**

**HAROLD M. STRATTON II**

71 1994

Chairman of the Board of Directors of STRATTEC since February 1999 (Non-Executive Chairman since September 2012). Chief Executive Officer of STRATTEC from February 1999 until August 31, 2012. President of STRATTEC from October 2004 to December 31, 2009. President and Chief Executive Officer of STRATTEC from February 1995 to February 1999. Director and Chairman of the Finance and Risk Management Committee and a member of the Compensation and Executive Development and Nominating and Governance Committees of Twin Disc Inc.

Mr. Stratton has gained extensive experience and skills through his activities as an executive of STRATTEC and its predecessor for a period of over 25 years ending in 2012, including experience related to strategic planning, operations, corporate communication and sales and marketing. As a result, Mr. Stratton has obtained a deep knowledge and understanding of our business, industry and strategies, all of which led to the conclusion that he should serve as a director of STRATTEC.

**THOMAS W. FLORSHEIM, JR.**

61 2012

Chairman of the Board and Chief Executive Officer of the Weyco Group, Inc. (a company engaged in the business of the design and distribution of quality and innovative footwear) since 2002. Prior to that, Mr. Florsheim was President and Chief Executive Officer of the Weyco Group, Inc. from 1999 to 2002, President and Chief Operating Officer from 1996 to 1999, and Vice President from 1988 to 1996. Chairman and a director of Weyco Group, Inc.

Mr. Florsheim is a chairman and chief executive officer of a public company. His skill sets include experience in mergers and acquisitions, financial oversight, compensation matters and organizational development. His career in the consumer goods industry has exposed him to manufacturing, marketing and engineering solutions on a global basis. This business and career experience led to the conclusion that he should serve as a director of STRATTEC.

## DIRECTORS' MEETINGS AND COMMITTEES

### Meetings and Director Attendance

Our Board of Directors held seven meetings in fiscal 2019, and all of our nominees and incumbent directors attended 100% of the meetings of our Board of Directors and the committees of the Board on which they served at the time of such meeting.

Executive sessions, or meetings of outside (non-management) directors without management present, are held regularly for a general discussion of relevant subjects. In fiscal 2019, the non-employee directors met in executive session five times.

The committees of our Board of Directors consist of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The chart below identifies the members of each of these committees as of the date of this Proxy Statement, along with the number of meetings held by each Committee during fiscal 2019:

	<u>Audit</u>	<u>Compensation</u>	<u>Nominating and Corporate Governance</u>
<b>Number of Meetings</b>	2	2	1
<b>Name of Director:</b>			
Thomas W. Florsheim, Jr.	X	X	X*
Michael J. Koss	X	X*	X
David R. Zimmer	X*	X	X

X = committee member; \* = committee chairman

### Audit Committee

The Audit Committee is responsible for assisting our Board of Directors with oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) our independent auditor's qualifications and independence; (4) the performance of our internal accounting function and the independent auditors; and (5) the review of the scope and adequacy of our internal accounting controls. In addition, the chairman of the Audit Committee participates in quarterly meetings with members of our management and our outside auditors to review our quarterly earnings releases and quarterly financial statements prior to their issuance or filing with the U.S. Securities and Exchange Commission (the "Commission"). Our Audit Committee has the direct authority and responsibility to appoint, replace, compensate, oversee and retain the independent auditors, and is an "audit committee" for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934.

### Compensation Committee

The Compensation Committee, in addition to such other duties as may be specified by our Board of Directors: (1) oversees and reviews the compensation and benefits of our executive

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officers (including determining the compensation of our Chief Executive Officer); (2) makes appropriate recommendations to our Board of Directors with respect to our incentive compensation plans and equity-based plans; (3) administers our incentive compensation plans and equity-based plans in accordance with the responsibilities assigned to the Committee under any and all such plans, including under our Team Incentive Plan for STRATTEC SECURITY CORPORATION (the "TIPS Bonus Plan") for participation by Executive Officers and Senior Managers and our Amended and Restated Stock Incentive Plan; and (4) reviews and makes recommendations to our Board of Directors with respect to the compensation of our non-employee directors, including under our TIPS Bonus Plan for Non-Employee Members of the Board of Directors.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee, in addition to such other duties as may be specified by our Board of Directors, is responsible for assisting our Board of Directors by: (1) identifying individuals qualified to become members of our Board of Directors and its committees; (2) recommending guidelines and criteria to the Board of Directors to determine the qualifications of potential directors; (3) making recommendations to the Board of Directors concerning the size and composition of the Board and its committees; (4) recommending to our Board of Directors nominees for election to the Board at the annual meeting of shareholders; (5) developing and recommending to our Board of Directors a set of corporate governance principles applicable to our business; and (6) assisting our Board of Directors in assessing director performance and the effectiveness of the Board of Directors as a whole.

The Nominating and Corporate Governance Committee identifies, interviews, and recommends candidates it determines are qualified and suitable to serve as a director. Recommendations for Board candidates may be made to the Committee by the Corporation's Chief Executive Officer, other current Board members, and shareholders of the Corporation. Once appropriate candidates are identified, the Nominating and Corporate Governance Committee evaluates their qualifications to determine which candidate best meets the Corporation's Director Selection Criteria (which is described in greater detail under the section titled "Director Nominations"), without regard to the source of the recommendation. In accordance with this Director Selection Criteria, the Committee seeks a variety of perspectives, professional experience, education, skills, and other individual qualities and attributes. A copy of the Corporation's Director Selection Criteria is attached as Appendix A to this Proxy Statement. The Nominating and Corporate Governance Committee then interviews the candidate before making a recommendation to the Board.

### **Charters of Committees**

Our Board of Directors has adopted, and may amend from time to time, a written charter for each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. We make available on our website at [www.strattec.com](http://www.strattec.com), free of charge, copies of each of these charters. We are not including the information contained on or available

through our website as a part of, or incorporating such information by reference into, this Proxy Statement.

## CORPORATE GOVERNANCE MATTERS

### Director Independence

Our Board of Directors has reviewed the independence of our continuing directors and the nominee for election to the Board at the Annual Meeting under the applicable listing standards of the NASDAQ Stock Market. Based on this review, our Board of Directors determined that each of the following directors is independent under the NASDAQ Stock Market listing standards:

- (1) Thomas W. Florsheim, Jr.                      (3) David R. Zimmer  
(2) Michael J. Koss

Based on such listing standards, Harold M. Stratton II and Frank J. Krejci are the only directors who are not independent because Mr. Stratton is our former Chief Executive Officer (he retired from such role effective September 1, 2012) and Mr. Krejci is our current President and Chief Executive Officer. Our Board of Directors concluded that Mr. Stratton is not independent because of his long standing prior relationship with STRATTEC as its chief executive officer.

### Board Leadership Structure

We currently have different persons serving as our Chief Executive Officer and as Chairman of our Board of Directors. Harold M. Stratton II served as our Chief Executive Officer and Chairman of the Board from February 1999 until September 1, 2012. We have not had and currently do not have a lead independent director except as described below with respect to Mr. Stratton. Although our Board of Directors does not have a formal policy with respect to its leadership structure, prior to September 1, 2012 combining the positions of Chief Executive Officer and Chairman served as an effective link between our management's role of identifying, assessing and managing risks and our Board of Directors' role of risk oversight. Mr. Stratton possesses in-depth knowledge of the issues, opportunities and challenges we face (as a result of being our former Chief Executive Officer), and is thus positioned to develop agendas and highlight issues that ensure that the Board of Directors' time and attention are focused on the most critical matters. In essence, our Board of Directors formerly determined that this leadership structure was optimal because it believed that having one leader serving as both the Chairman and Chief Executive Officer provided (taking into account Mr. Stratton's experience and knowledge of our business) decisive, consistent and effective leadership, as well as clear accountability. Having one person serve as Chairman and Chief Executive Officer also historically enhanced our ability to communicate our message and strategy clearly and consistently to our shareholders, employees, and business partners, particularly during times of turbulent economic and industry conditions.

Effective September 1, 2012, Mr. Stratton retired as our Chief Executive Officer and Mr. Krejci has assumed this role since that date. Mr. Stratton continues to serve as a non-employee director and as our Chairman of the Board and we expect him to do so for the foreseeable future. Accordingly, since September 1, 2012 we have had different persons serve as

our Chief Executive Officer and Chairman of the Board of Directors. We decided to separate these roles to (1) facilitate Mr. Stratton's desire to phase down his involvement with the day to day operations of STRATTEC but (2) continue to leverage Mr. Stratton's in-depth knowledge and experience related to the strategic issues, opportunities and challenges STRATTEC faces. The determination to separate the roles of Chief Executive Officer and Chairman, therefore, was based in part upon the same factors described above that led us to conclude in previous years that combining the two offices was in our best interest. The experience, leadership qualities and skills that Mr. Stratton brings to the Board, as detailed in the section captioned "Proposal 1: Election of Director" under Mr. Stratton's biography, enables Mr. Stratton as the Chairman to be in a position to establish the agendas for meetings of the Board and to lead the discussions of the Board regarding our strategy, operations and management, notwithstanding the fact that we have concluded that he is not an independent director under applicable NASDAQ listing standards.

Although we believe that given the circumstances described above, separating the Chairman and Chief Executive Officer roles is appropriate for the foreseeable future, we will continue to review this issue periodically to determine whether, based on the relevant facts and circumstances at such time, combining these offices would serve our best interests and the best interests of our shareholders.

### **The Board's Role in Risk Oversight**

The role of our Board of Directors in STRATTEC's risk oversight process includes receiving reports from members of our senior management team on areas of material risk to STRATTEC, including operational, financial, legal and regulatory, and strategic and reputational risks. Our Board has authorized the Audit Committee to oversee and periodically review STRATTEC's enterprise risk assessment and enterprise risk management policies.

As noted above, STRATTEC's Audit Committee is primarily responsible for STRATTEC's enterprise risk assessment and enterprise risk management policies. Notwithstanding such delegation of responsibility to the Audit Committee of our Board of Directors, the Board has reserved to its Compensation Committee primary oversight responsibility to ensure that compensation programs and practices of STRATTEC do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls. As part of this process, STRATTEC (with the oversight of the Compensation Committee) designs its overall compensation programs and practices, including incentive compensation for both executives and non-executive employees, in a manner intended to support its strategic priorities and initiatives to enhance long-term sustainable value without encouraging unnecessary or unreasonable risk-taking. At the same time, STRATTEC recognizes that its goals cannot be fully achieved while avoiding all risk. The Compensation Committee (along with assistance from management) periodically reviews STRATTEC's compensation programs and practices in the context of its risk profile, together with its other risk mitigation and risk management programs, to ensure that these programs and practices work together for the long-term benefit of STRATTEC and its shareholders. Based on its recently completed review of STRATTEC's compensation programs, the Compensation Committee concluded that STRATTEC's incentive compensation policies for

both executive and non-executive employees have not materially and adversely affected STRATTEC by encouraging unreasonable or excessive risk-taking in the recent past, are not likely to have a material adverse effect in the future and provide for multiple and reasonably effective safeguards to protect against unnecessary or unreasonable risk-taking.

### **Director Nominations**

We have a standing Nominating and Corporate Governance Committee. Based on the review described under “Corporate Governance Matters—Director Independence,” our Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent under the applicable listing standards of the NASDAQ Stock Market.

The Nominating and Corporate Governance Committee will consider director nominees recommended by shareholders. A shareholder who wishes to recommend a person or persons for consideration as a nominee for election to the Board of Directors must send a written notice by mail, c/o Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209, that sets forth: (1) the name, address (business and residence), date of birth and principal occupation or employment (present and for the past five years) of each person whom the shareholder proposes to be considered as a nominee; (2) the number of shares of our Common Stock beneficially owned (as determined pursuant to section 13(d) of the Securities Exchange Act of 1934) by each such proposed nominee; (3) any other information regarding such proposed nominee that would be required to be disclosed in a definitive proxy statement to shareholders prepared in connection with an election of directors pursuant to section 14(a) of the Securities Exchange Act of 1934; and (4) the name and address (business and residential) of the shareholder making the recommendation and the number of shares of our Common Stock beneficially owned (as determined pursuant to section 13(d) of the Securities Exchange Act of 1934) by the shareholder making the recommendation.

We may require any proposed nominee to furnish additional information as may be reasonably required (including pursuant to applicable rules of the Commission) to determine the qualifications of such proposed nominee to serve as a director. Shareholder recommendations will be considered only if received no less than 120 days nor more than 150 days before the anniversary date of the mailing of the proxy statement to shareholders in connection with the previous fiscal year’s annual meeting of shareholders.

The Nominating and Corporate Governance Committee will consider any nominee recommended by a shareholder in accordance with the preceding paragraphs under the same criteria as any other potential nominee. The Nominating and Corporate Governance Committee believes that a nominee recommended for a position on our Board of Directors must have an appropriate mix of director characteristics, experience, diverse perspectives and skills. In light of the foregoing, our Board has adopted the Director Selection Criteria attached as [Appendix A](#) to this Proxy Statement, which is also posted on the Corporation’s website. These criteria are periodically reviewed by the Nominating and Corporate Governance Committee and generally require absence of material conflicts of interest of all independent and non-management directors. The criteria also describe the personal attributes and the broad mix of skills and



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experience of directors sought by the Corporation in order to enhance the diversity of perspectives, professional experience, education, and other attributes and the overall strength of the composition of the Board taking into account the uniqueness attributable to the Corporation's industry. In this regard, some of the criteria that may be taken into account include:

- personal integrity and high ethical character;
- professional excellence;
- accountability and responsiveness;
- absence of conflicts of interest;
- fresh intellectual perspectives and ideas; and
- relevant expertise and experience (including related to financial and accounting matters) and the ability to offer advice and guidance to management based on that expertise and experience.

### **Communications between Shareholders and the Board of Directors**

Our shareholders may communicate with our Board of Directors or any of our individual directors by directing such communication to our Secretary at the address of our corporate headquarters, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. Each such communication should indicate that the sender is a shareholder of STRATTEC and that the sender is directing the communication to one or more of our individual directors or to our Board as a whole.

All communications will be compiled by our Secretary and submitted to our Board of Directors or the applicable individual directors on a monthly basis unless such communications are considered, in the reasonable judgment of our Secretary, to be improper for submission to the intended recipient(s). Examples of shareholder communications that would be considered improper for submission include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to STRATTEC or our business or communications that relate to improper or irrelevant topics. Our Secretary may also attempt to handle a communication directly where appropriate, such as where the communication is a request for information about STRATTEC or where it is a stock-related matter.

### **Attendance of Directors at Annual Meetings of Shareholders**

We expect that all of our directors, whether up for re-election at the Annual Meeting or not, will attend the Annual Meeting. All of the persons then serving as one of our directors attended the Annual Meeting of Shareholders held on October 9, 2018.

### **Code of Business Ethics**

We have adopted a Code of Business Ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, and to

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our non-employee or outside directors. A copy of our Code of Business Ethics is available on our corporate web site which is located at [www.strattec.com](http://www.strattec.com). We also intend to disclose any amendments to, or waivers from, our Code of Business Ethics on our corporate web site.

Further, we have established “whistle-blower procedures” which provide a process for the confidential and anonymous submission, receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. These procedures provide protections to employees who report possible misconduct impacting STRATTEC.

### **Hedging and Margin Account Policies**

Our stock trading policies prohibit our directors and employees, including our executive officers, from: (a) purchasing any financial instrument that is designed to hedge or offset any decrease in the market value of the Common Stock, including zero-cost collars and forward sale contracts; (b) engaging in short sales related to the Common Stock; and (c) maintaining margin accounts holding STRATTEC securities. All transactions in STRATTEC securities by directors and executive officers must be pre-cleared with our Chief Financial Officer (or another executive officer in the event of transactions by our Chief Financial Officer) under our stock trading policies.

## AUDIT COMMITTEE MATTERS

### Report of the Audit Committee

The Audit Committee is comprised of three members of our Board of Directors. Based upon the review described above under “Corporate Governance Matters—Director Independence,” our Board of Directors has determined that each member of the Audit Committee is independent as defined in the applicable listing standards of the NASDAQ Stock Market and the rules of the Commission. The duties and responsibilities of our Audit Committee are set forth in the Audit Committee Charter, which may be found on our website at [www.strattec.com](http://www.strattec.com).

In accordance with its written charter adopted by the Board of Directors, our Audit Committee has oversight responsibility for the quality and integrity of the financial reporting practices of STRATTEC. While the Audit Committee has oversight responsibility, the primary responsibility for our financial reporting, disclosure controls and procedures and internal control over financial reporting and related internal controls and procedures rests with our management, and our independent auditors are responsible for auditing our financial statements. In discharging its oversight responsibility as to the audit process, the Audit Committee has:

- reviewed and discussed our audited financial statements for the fiscal year ended June 30, 2019 with our management and with our independent auditors;
- discussed with our independent auditors the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the Commission;
- received and discussed with our independent auditors the written disclosures and the letter from our independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the audit committee concerning independence; and
- met with the independent auditors without management present and discussed the auditor’s independence.

Based on such review and discussions with management and with the independent auditors, the Audit Committee recommended to our Board of Directors that the STRATTEC audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019, for filing with the Commission.

AUDIT COMMITTEE:

David R. Zimmer — Chairman  
Thomas W. Florsheim, Jr.  
Michael J. Koss

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### **Fees of Independent Registered Public Accounting Firm**

The following table summarizes the fees we were billed for audit and non-audit services rendered by our independent auditors, Deloitte & Touche LLP, during fiscal 2019 and 2018:

<u>Service Type</u>	<u>Fiscal Year Ending June 30, 2019</u>	<u>Fiscal Year Ending July 1, 2018</u>
Audit Fees (1)	\$ 399,900	\$ 399,000
Audit-Related Fees	—	—
Tax Fees (2)	\$ 288,000	\$ 245,500
All Other Fees	—	—
<b>Total Fees Billed</b>	<b>\$ 687,900</b>	<b>\$ 644,500</b>

- (1) Includes fees for professional services rendered in connection with the audit of our financial statements for the fiscal years ended June 30, 2019 and July 1, 2018; the reviews of the financial statements included in each of our quarterly reports on Form 10-Q during those fiscal years; and statutory and regulatory agency audits during those fiscal years.
- (2) Includes U.S. and international tax advice and compliance services paid to Deloitte & Touche LLP with respect to such fiscal years.

The Audit Committee of our Board of Directors considered that the provision of the services and the payment of the fees described above are compatible with maintaining the independence of Deloitte & Touche LLP.

The Audit Committee is responsible for reviewing and pre-approving any non-audit services to be performed by our independent auditors. The Audit Committee or Chairman of the Audit Committee reviews and, if appropriate, approves non-audit service engagements, taking into account the proposed scope of the non-audit services, the proposed fees for the non-audit services, whether the non-audit services are permissible under applicable law or regulation and the likely impact of the non-audit services on the independence of the independent auditors. The Audit Committee has delegated certain of its pre-approval authority to the Chairman of the Audit Committee to act between meetings of the Audit Committee. Any pre-approval given by the Chairman of the Audit Committee pursuant to this delegation is presented to the full Audit Committee at its next regularly scheduled meeting.

Each new engagement of our independent auditors to perform non-audit services has been approved in advance by our Audit Committee or the Chairman of our Audit Committee pursuant to the foregoing procedures.

### **Fiscal 2020 Independent Registered Public Accounting Firm**

Our Audit Committee will select our independent registered public accounting firm for the 2020 fiscal year based upon factors determined to be relevant by our Audit Committee. It is

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expected that a representative of Deloitte & Touche LLP, our independent auditors for fiscal 2019, will be present at the Annual Meeting and will have the opportunity to make a statement if such representative desires to do so and will be available to respond to appropriate questions.

**Audit Committee Financial Expert**

Our Board of Directors has determined that at least one of the members of our Audit Committee qualifies as an “audit committee financial expert” as defined by the rules of the Commission. David Zimmer, the Chairman of the Audit Committee, qualifies as an “audit committee financial expert” based on his work experience and education.

## EXECUTIVE OFFICERS

The following table provides information as of the date of this Proxy Statement about each of our current executive officers who are not nominees for election to, or continuing members of, our Board of Directors at the Annual Meeting. The information presented includes information each executive officer has given us about his or her age and his or her principal occupation and business experience for the past five years:

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Other Positions</u>
Patrick J. Hansen	60	Senior Vice President since October 2005; Chief Financial Officer, Treasurer and Secretary since February 1999.	Vice President of STRATTEC from February 1999 to October 2005; Corporate Controller of STRATTEC from February 1995 to February 1999.
Rolando J. Guillot	51	Senior Vice President — Operations since December 2016.	Vice President—Mexican Operations from September 2004 to December 2016. General Manager—Mexican Operations of STRATTEC from September 2003 to September 2004. Plant Manager of STRATTEC de Mexico S.A. de C.V. from January 2002 to September 2003. Mr. Guillot served in various management positions for STRATTEC de Mexico S.A. de C.V. from September 1996 to January 2002.
Richard P. Messina	53	Vice President — Global Sales and Access Control Products since August, 2013.	Vice President—Access Control Products of STRATTEC from December 1, 2008 until August, 2013. Chief Engineer-Power Closures Engineering for North America and Asia for Delphi Corporation from 2006 until November 2008;

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<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Other Positions</u>
Brian J. Reetz	61	Vice President — Security Products since October 1, 2008.	Engineering group manager for Delphi Corporation from 2001 until 2006. Vice President Engineering, Product Development & Management of STRATTEC from January 2007 until October 2008; Executive Engineer of STRATTEC from August 2004 through December 2006.
Al-Waleed H. Hamdan	51	Vice President — Product Management since March 6, 2017.	Vice President Global Marketing & Product Management for Apex Tool Group (an American supplier of hand tools and power tools) from August 2013 until July 2016; Global Marketing and Product Group Leader for Actuant Corporation (a diversified industrial company) from December 2010 until August 2013.

## SECURITY OWNERSHIP

The following table sets forth information regarding the beneficial ownership of shares of our Common Stock as of August 21, 2019 by (1) each director and named executive officer (as defined below), (2) all directors and executive officers as a group, and (3) each person or other entity known by us to beneficially own more than 5% of our outstanding Common Stock.

We have determined beneficial ownership in accordance with the rules of the Commission. Shares of our Common Stock subject to options that are either currently exercisable or exercisable within 60 days of August 21, 2019 are treated as outstanding and beneficially owned by the option holder for the purpose of computing the percentage ownership of the option holder. However, these shares are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The table lists applicable percentage ownership based on 3,806,177 shares of Common Stock outstanding as of August 21, 2019.

Name and Address of Beneficial Owner (1)	Total Number Of Shares Beneficially Owned (2)	Percent of Class	Nature of Beneficial Ownership				
			Sole Voting and Investment Power	Sole Voting or Investment Power	Shared Voting and Investment Power	Shared Voting or Investment Power	Sole Voting Power Only (3)
<b>Principal Shareholders:</b>							
GAMCO Asset Management, Inc. (4)	673,634	17.7%	636,634	673,634	—	—	—
FMR LLC (5)	495,813	13.0%	53,645	495,813	—	—	—
Ariel Investments, LLC (6)	401,200	10.5%	401,200	—	—	—	—
Dimensional Fund Advisors LP (7)	313,228	8.2%	299,118	313,228	—	—	—
Wellington Trust Company (8)	257,516	6.8%	—	—	257,516	—	—
T. Rowe Price Associates, Inc. (9)	244,761	6.4%	244,761	—	—	—	—
<b>Directors, Nominees and Executive Officers:</b>							
Thomas W. Florsheim, Jr.	7,050	*	3,517	—	—	—	3,533
Michael J. Koss	9,550	*	6,017	—	—	—	3,533
David R. Zimmer	8,250	*	4,717	—	—	—	3,533
Harold M. Stratton II (10)	83,255	2.2%	21,704	—	44,018	—	3,533
Frank J. Krejci	82,363	2.1%	32,735	—	—	—	9,475
Patrick J. Hansen	21,761	*	4,500	—	—	—	6,150
Rolando J. Guillot	35,114	*	10,600	—	—	—	5,740
All directors, nominees and executive officers as a group (10 persons)	285,863	7.3%	98,164	—	44,132(11)	—	46,707

\* Less than 1%.

(1) Unless otherwise indicated in the other footnotes, the address for each person listed is 3333 West Good Hope Road, Milwaukee, Wisconsin 53209.



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- (2) Includes the rights of the following persons to acquire shares of our Common Stock pursuant to the exercise of currently vested stock options or pursuant to stock options exercisable within 60 days of August 21, 2019: Mr. Stratton – 14,000 shares; Mr. Krejci – 40,153 shares; Mr. Hansen – 11,111 shares; Mr. Guillot – 18,774 shares; and all directors and executive officers as a group – 96,860 shares.
- (3) All shares listed are unvested shares of restricted stock issued and outstanding under our Amended and Restated Stock Incentive Plan as of August 21, 2019.
- (4) Mario J. Gabelli and on behalf of certain entities which he directly or indirectly controls or for which he acts as Chief Investment Officer, including the following, GAMCO Investors, GAMCO Asset Management, Inc., Gabelli Funds, LLC, Gabelli & Company Investment Advisers, Inc. and Teton Advisors, Inc. (collectively “GAMCO”), One Corporate Center, Rye, New York 10580, filed a Schedule 13D/A dated as of March 29, 2019 reporting that GAMCO beneficially owned 673,634 shares of Common Stock. The shares of Common Stock beneficially owned by GAMCO include 673,634 shares of Common Stock as to which GAMCO has sole investment power and 636,634 shares of Common Stock as to which GAMCO has sole voting power.
- (5) FMR LLC or its predecessor FMR Corp. and on behalf of certain of its affiliates (collectively, “FMR”), 245 Summer Street, Boston, Massachusetts 02210, filed a Schedule 13G/A on February 13, 2019, reporting that it was the beneficial owner of 495,813 shares of Common Stock. The shares of Common Stock beneficially owned by FMR include 495,813 shares of Common Stock as to which FMR has sole investment power and 53,645 shares of Common Stock as to which FMR has sole voting power.
- (6) Ariel Investments, LLC (“Ariel”), 200 E. Randolph Street, Suite 2900, Chicago, Illinois 60601, filed a Schedule 13G/A on February 14, 2019 reporting that as of December 31, 2018 it was the beneficial owner of 401,200 shares of Common Stock, as a result of acting as an investment adviser to various client accounts, with sole voting and investment power over all such shares.
- (7) Dimensional Fund Advisors LP (“Dimensional”), 6300 Bee Cave Road, Austin, Texas 78746, filed a Schedule 13G/A dated February 8, 2019, reporting that as of December 31, 2018 it was the beneficial owner of 313,228 shares of Common Stock as a result of acting as an investment adviser to various investment companies, commingled group trusts and separate accounts. The shares of Common Stock beneficially owned by Dimensional include 299,118 shares of Common Stock as to which Dimensional has sole voting power and 313,228 shares of Common Stock as to which Dimensional has sole investment power.
- (8) Wellington Trust Company, National Association Multiple Common Trust Funds Trust, Micro Cap Equity Portfolio, Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP (collectively, “Wellington”), 280 Congress Street, Boston, Massachusetts 02210, filed a Schedule 13G on February 12, 2019, reporting that as of December 31, 2018 it was the beneficial owner of 257,516 shares of Common Stock with shared voting and investment power over all such shares.

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- (9) T. Rowe Price Associates, Inc. and on behalf of T. Rowe Price Small-Cap Value Fund, Inc. (collectively, "T. Rowe Price"), 100 East Pratt Street, Baltimore, Maryland 21202, filed a Schedule 13G/A dated February 14, 2019, reporting that as of December 31, 2018 T. Rowe Price was the beneficial owner of 244,761 shares of Common Stock with sole voting and investment power over all such shares.
- (10) Includes 21,704 shares of Common Stock owned directly by Mr. Stratton, 42,950 shares of Common Stock owned jointly by Mr. Stratton and his spouse and 2,501 shares of Common Stock held in trusts as to which Mr. Stratton is co-trustee and/or beneficiary.
- (11) Includes 114 shares of Common Stock held in the STRATTEC Employee Savings and Investment Plan Trust by Brian Reetz.

### **DELINQUENT SECTION 16(a) REPORTS**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the Commission initial reports of beneficial ownership on Form 3 and reports of changes in beneficial ownership of our equity securities on Form 4 or Form 5. The rules promulgated by the Commission under Section 16(a) of the Exchange Act require those persons to furnish us with copies of all reports filed with the Commission pursuant to Section 16(a). Based solely upon a review of such forms actually furnished to us, and written representations of certain of our directors and executive officers that no forms were required to be filed, we believe all directors, executive officers and 10% shareholders have filed with the Commission on a timely basis all reports required to be filed under Section 16(a) of the Exchange Act during our fiscal 2019, except Mr. Stratton filed a Form 4 report on February 11, 2019 disclosing a stock sale transaction occurring on February 4, 2019.

## EXECUTIVE COMPENSATION

### Compensation Process Overview

We believe it is important to provide compensation that at a minimum reflects base levels which are competitive with executive officers in other industrial public companies of similar structure and size. We further believe that it is appropriate and desirable to have meaningful incentive plans for our executive officers to help attract and retain high performing individuals and drive positive economic performance and enhanced shareholder value. Further, we believe that these performance-based incentive plans should provide opportunities for our executive officers to significantly augment their base compensation on a short term and long term basis. This philosophy is the foundation for the following compensation objectives that we seek to promote. The objectives of our Compensation Committee in establishing compensation arrangements for our executive officers are to: (1) attract and retain qualified executive managers with a straightforward and understandable compensation program; (2) provide strong financial incentives, at reasonable cost, for positive financial performance and enhanced value of our shareholders' investment; and (3) use cash bonus plans to recognize positive short-term performance and equity based plans to support the long-term needs and goals of STRATTEC and our shareholders.

As described above under the Section "Corporate Governance Matters—The Board's Role in Risk Oversight," the Compensation Committee has primary oversight responsibility to ensure that the Corporation's compensation programs and practices do not encourage unreasonable or excessive risk-taking and that any risks are subject to appropriate controls. Compensation for our executive officers and other key employees is evaluated and determined by the Compensation Committee of our Board of Directors. Our Compensation Committee consists of three independent directors under the applicable listing standards of the NASDAQ Stock Market. Michael J. Koss is the Chairman of our Compensation Committee and the other members of the Compensation Committee are David R. Zimmer and Thomas W. Florsheim, Jr. Additional information regarding our Compensation Committee is disclosed under "Directors' Meetings and Committees — Compensation Committee" in this Proxy Statement.

Many key compensation decisions are made during the first quarter of the fiscal year as the Compensation Committee meets to review performance for the prior year under our incentive bonus plans, determine awards under our Amended and Restated Stock Incentive Plan and set compensation targets and objectives for the coming year. However, our Compensation Committee also views compensation as an ongoing process and may convene special meetings in addition to its regularly scheduled meetings throughout the year for purposes of evaluation, planning and appropriate action.

Our management assists the Compensation Committee in its oversight and determination of compensation. Management's role includes assisting the Compensation Committee with evaluating employee performance, assisting with establishing individual and company-wide performance targets and objectives, recommending salary levels and equity incentive grants, providing financial data on company performance, providing calculations and reports on

achievement of performance objectives and furnishing other information requested by the Committee. Our Chief Executive Officer works with the Compensation Committee in making recommendations regarding our overall compensation policies and plans, as well as recommending specific compensation levels for our other executive officers and key employees. Members of management who were present during portions of Compensation Committee meetings held in fiscal 2019 and 2020 to date, included the Chief Executive Officer and the Chief Financial Officer. Additionally our Chairman, Harold M. Stratton II, participated in portions of Compensation Committee meetings held in fiscal 2019 and 2020 to date. Our Compensation Committee makes all decisions regarding the compensation of the Chief Executive Officer without the Chief Executive Officer or any other member of management present.

The Compensation Committee's charter authorizes the Committee to engage any compensation consultants and other advisers as the Committee may deem appropriate, and requires that we provide the Committee with adequate funding to engage any advisers the Committee deems appropriate to engage. During April 2019, upon the recommendation of our management, our Compensation Committee directly engaged Newport Group to assist it in reviewing our compensation practices and levels for our executive officers and directors. Newport Group did not provide any other services to STRATTEC or its affiliates during fiscal 2019 or 2018 and our Compensation Committee determined that the engagement of Newport Group to assist STRATTEC with reviewing its compensation practices and levels did not create any conflicts of interest. Our engagement of Newport Group and the scope of its work was similar to the work and report Newport Group prepared for our Compensation Committee during April/May 2017. As part of its work, Newport Group prepared for our Compensation Committee a comparative compensation report of a broad group of organizations within the durable goods manufacturing industry. Our Compensation Committee reviewed the results of Newport Group's report and analysis during meetings held at the end of fiscal 2019 and the beginning of fiscal 2020 for purposes of establishing and setting compensation levels and targets for our fiscal 2020.

For executive officers, the primary components of total compensation have in recent periods been, and continue to consist of: (1) base salary; (2) annual incentive compensation bonuses; and (3) long-term incentive compensation in the form of shares of restricted stock subject to time-based vesting criteria. We evaluate targeted total compensation levels for our executive officers as well as how each component fits within the targeted total compensation levels. This evaluation is guided by our compensation objectives described above. A large portion of potential compensation for our executive officers is performance-based. For performance-based compensation, we combine annual cash incentive bonuses that are tied to both short-term, company-wide measures of operating performance and individual performance goals with long-term equity compensation in the form of awards of shares of restricted stock that vest over a three or five year period from the date of grant. The long-term equity compensation awards promote our executive retention objectives and provide an incentive for long-term appreciation in our stock price, whereas the annual cash incentive bonuses promote short-term financial growth and achievement of individual performance goals.

### Summary Compensation Table

The following table provides information for fiscal 2019 and 2018 concerning the compensation paid by us to the person who served as our principal executive officer during fiscal 2019 and our two other most highly compensated executive officers based on their total compensation in fiscal 2019. We refer to these three executive officers as our “named executive officers” in this Proxy Statement.

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Salary (1)</u>	<u>Bonus (2)</u>	<u>Stock Awards (3)</u>	<u>Non-Equity Incentive Plan Compensation (4)</u>	<u>All Other Compensation (5)</u>	<u>Total</u>
Frank J. Krejci, President and Chief Executive Officer	2019	\$ 518,150	—	\$ 106,163	—	\$ 22,670	\$ 646,983
	2018	\$ 428,833	\$ 1,000	\$ 67,433	\$ 171,920	\$ 20,798	\$ 689,984
Patrick J. Hansen, Senior Vice President, Chief Financial Officer, Treasurer and Secretary	2019	\$ 319,517	—	\$ 67,050	—	\$ 17,306	\$ 403,873
	2018	\$ 287,200	\$ 1,000	\$ 49,950	\$ 73,107	\$ 15,822	\$ 427,079
Rolando J. Guillot, Senior Vice President – Operations	2019	\$ 286,400	—	\$ 67,050	—	\$ 15,472	\$ 368,922
	2018	\$ 260,000	\$ 1,000	\$ 39,960	\$ 60,759	\$ 14,526	\$ 376,245

#### Explanatory Notes for Summary Compensation Table:

1. We do not provide any standard annual raises in the base salaries of our executive officers. Instead, our Compensation Committee periodically reviews the base salaries of our executive officers based on individual and company-wide performance criteria and by reference to the data analysis provided by the Newport Group comparative compensation report described above for executives with similar positions, and taking into certain adjustments for inflation and for other discretionary factors determined by our Compensation Committee based upon an analysis of each officer’s individual performance and achievement over the prior fiscal year. Additionally, in determining base salaries, our Compensation Committee considers the executive officer’s qualifications and experience, the executive officer’s responsibilities, the executive officer’s past performance, the executive officer’s goals and objectives and salary levels for comparable positions as provided in the Newport Group report described above. Our Compensation Committee typically establishes base salaries for the new fiscal year for our executive officers at its regular meeting in August of each year where it reviews the prior fiscal years’ results and sets performance targets for the ensuing fiscal year, which new base salaries are effective as of September 1.

For fiscal 2019, each of Mr. Krejci, Mr. Hansen and Mr. Guillot were paid base salaries of \$486,200, \$311,700 and \$279,200, respectively, which base salaries were effective as of September 1, 2018. In addition to such base salary amounts, the amount included in the table for fiscal 2019 also includes payment of certain deferred base salary amounts related to each named executive officer’s agreement to defer base salary increases with respect to fiscal 2018, which deferred amounts were also paid in fiscal 2019 and reflected in the table above.

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2. These amounts represent awards of discretionary bonus payments made by our Compensation Committee. For fiscal year 2018, each executive officer was awarded a discretionary bonus amount of \$1,000. For fiscal year 2019 no discretionary bonus payments were made to the named executive officers.

3. We believe that equity compensation is an effective means of aligning the long-term interests of our employees, including our executive officers, with our shareholders. Our Amended and Restated Stock Incentive Plan authorizes the Compensation Committee to issue both stock options and shares of restricted stock, as well as other forms of equity incentive compensation. In recent fiscal years, awards to our executive officers under the Amended and Restated Stock Incentive Plan have consisted solely of shares of restricted stock subject to time-based vesting criteria. In determining the type and total size of equity awards, the Compensation Committee considers various factors such as the outstanding number of options and shares of restricted stock, the amount of additional shares available for issuance under our Amended and Restated Stock Incentive Plan, the financial statement impact of awards, the level of responsibility of the proposed recipient and his or her performance and the percent of the outstanding shares of our common stock represented by outstanding options and shares of unvested restricted stock.

The amounts in this column for each fiscal year reflect the dollar value of long-term equity based compensation awards granted in the form of shares of restricted stock pursuant to the terms of our Amended and Restated Stock Incentive Plan during the fiscal years indicated in the table. These amounts equal the grant date fair value of shares of restricted stock, computed in accordance with FASB Accounting Standards Codification Topic 718, granted during such fiscal year. Assumptions used in the calculation of the grant date fair value are included under the caption "Accounting for Stock-Based Compensation" in the Notes to our Consolidated Financial Statements in the fiscal year 2019 Annual Report on Form 10-K filed with the Commission on September 5, 2019 and such information is incorporated herein by reference.

For fiscal 2019, Mr. Krejci was awarded 2,850 shares of restricted stock, Mr. Hansen was awarded 1,800 shares of restricted stock and Mr. Guillot was awarded 1,800 shares of restricted stock. These shares of restricted stock will vest one-third each year over a three year period on the anniversary of the grant date and have all the rights of our shares of Common Stock (including voting rights), other than the right to receive cash dividends while such shares are not vested. These shares of restricted stock had a grant date fair value per share of \$37.25 as determined pursuant to FASB Accounting Standards Codification Topic 718.

For fiscal 2018, Mr. Krejci was awarded 2,025 shares of restricted stock, Mr. Hansen was awarded 1,500 shares of restricted stock and Mr. Guillot was awarded 1,500 shares of restricted stock. These shares of restricted stock vest one-third each year over a three year period on the anniversary of the grant date and have all the rights of our shares of Common Stock (including voting rights), other than the right to receive cash dividends while such shares are not vested. These shares of restricted stock had a grant date fair value per share of \$33.30 as determined pursuant to FASB Accounting Standards Codification Topic 718.

4. This column discloses the dollar value of all amounts earned by the named executive officers under our Team Incentive Plan for STRATTEC SECURITY CORPORATION for

participation by our Executive Officers and Senior Managers (the “[TIPS Bonus Plan](#)”) for performance related to fiscal 2019 and under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers for performance related to fiscal 2018, which in each case were tied to long-term incentive performance targets. The TIPS Bonus Plan superseded and replaced the Economic Value Added Bonus Plan. Participants in the TIPS Bonus Plan and formerly in the Economic Value Added Bonus Plan include or included our executive officers and other senior managers determined by our Compensation Committee based upon recommendations from our Chief Executive Officer.

Under the TIPS Bonus Plan, executive officers and other full-time employees are eligible to receive annual incentive cash bonuses whereby the Board of Directors sets company financial performance goals on an annual basis. For fiscal 2019, the Board set company profit before tax (before bonus expense and after non-controlling interest and as adjusted for unusual income or expense items) as the company financial performance goal. For the STRATTEC executive officers and senior manager group one half of a participant’s bonus is based upon achieving the participant’s individual goals and objectives for the year. The other half of the participant’s bonus is based upon the level of STRATTEC’s profit before tax for the year (with the adjustments noted above). The TIPS Bonus Plan provides for a hurdle rate goal which would be the minimum level of profit before tax (with the adjustments noted above) before any bonuses are paid under either the company financial performance or individual performance component. The company financial performance component of the bonus is calculated based upon a straight-line relationship between the hurdle rate goal and the target goal. This straight line also applies to amounts above the target goal. Each individual participant’s bonus would be capped at 200% of their target bonus. The target bonus equals 75%, 45% and 45% of base salary for each of Mr. Krejci, Mr. Hansen and Mr. Guillot, respectively. For 2019, the Compensation Committee agreed that the minimum hurdle rate goal was set at \$12 million of profit before tax (with the adjustments noted above). If fiscal 2019 profit before tax was less than \$12 million, no bonus amount was to be paid to any eligible participant, including the bonus attributable to the individual performance component for STRATTEC executive officers and senior managers. The Compensation Committee agreed that for fiscal 2019 the target goal of a company performance factor of 1 would equal \$24 million of profit before tax (with the adjustments noted above). At this level, a participant would receive 100% of his or her target bonus with respect to the company financial performance component of the bonus plan. This straight line relationship for amounts in excess of \$24 million continues up to a maximum bonus equal to 200% of the participant’s target bonus for our executive officers and senior managers. For fiscal 2019, no bonus amounts were earned under the TIPS Bonus Plan as STRATTEC’s profit before tax for the year (with the adjustments noted above) was less than the minimum hurdle rate amount.

5. Our named executive officers participate in other benefit plans generally available to all employees on the same terms as similarly situated employees, including participation in medical, health, dental, disability, life insurance and 401(k) plans. In addition, our named executive officers each receive at least two times their annual base salary up to \$500,000 of group term life insurance coverage. The table below shows the components of this column, which include our match for each individual’s 401(k) plan contributions, the cost of premiums paid by us for term

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life insurance under which the named executive officer is a beneficiary and perquisites. The perquisites consist of, for Mr. Krejci, with respect to fiscal 2019 and 2018 a gift card in the amount of \$1,000 for each year. The gift cards are given to employees as part of a program to incentivize them to utilize the lowest cost airfares for international travel. This program is available to all employees who primarily travel to Asia on company business.

<u>Name</u>	<u>Year</u>	<u>401(k) Match</u>	<u>Life Insurance</u>	<u>Perquisites</u>	<u>Total "All Other Compensation"</u>
Frank J. Krejci	2019	\$14,812	\$ 6,858	\$ 1,000	\$ 22,670
	2018	\$12,940	\$ 6,858	\$ 1,000	\$ 20,798
Patrick J. Hansen	2019	\$14,363	\$ 2,943	\$ —	\$ 17,306
	2018	\$13,500	\$ 2,322	\$ —	\$ 15,822
Rolando J. Guillot	2019	\$14,230	\$ 1,242	\$ —	\$ 15,472
	2018	\$13,500	\$ 1,026	\$ —	\$ 14,526



**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth information on outstanding option and unvested restricted stock awards held by the named executive officers as of our fiscal year ending June 30, 2019, including the number of shares underlying both exercisable and unexercisable portions of each stock option as well as the exercise price and expiration date of each outstanding option and the number of shares of restricted stock held at the fiscal year end that have not yet vested.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (7)
Frank J. Krejci	12,000	—	18.49	01/01/20(1)	2,250(8)	54,225
	8,610	—	26.53	08/22/21(2)	675(9)	16,268
	13,093	—	25.64	08/20/22(3)	1,350(10)	32,535
	14,360	—	38.71	08/21/23(4)	2,850(11)	68,685
	4,090	—	79.73	08/20/24(5)	—	—
Patrick J. Hansen	2,901	—	25.64	08/20/22(3)	950(8)	22,895
	6,460	—	38.71	08/21/23(4)	500(9)	12,050
	1,750	—	79.73	08/20/24(5)	1,000(10)	24,100
	—	—	—	—	1,800(11)	43,380
Rolando J. Guillot	6,000	—	17.59	12/09/19(6)	640(8)	15,424
	2,880	—	26.53	08/22/21(2)	400(9)	9,640
	4,424	—	25.64	08/20/22(3)	1,000(10)	24,100
	4,290	—	38.71	08/21/23(4)	1,800(11)	43,380
	1,180	—	79.73	08/20/24(5)	—	—

- (1) The common stock option vested pro rata over a four-year period on each of January 1, 2011, January 1, 2012, January 1, 2013 and January 1, 2014.
- (2) The common stock option vested on August 22, 2014, the three year anniversary of the grant date.
- (3) The common stock option vested on August 20, 2015, the three year anniversary of the grant date.
- (4) The common stock option vested on August 21, 2016, the three year anniversary of the grant date.
- (5) The common stock option vested on August 20, 2017, the three year anniversary of the grant date.
- (6) The common stock option vested pro rata over a four-year period on each of December 9, 2010, December 9, 2011, December 9, 2012 and December 9, 2013.

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- (7) Market value equals the closing market price of our common stock on the last trading day prior to our fiscal year end of June 30, 2019, which was \$24.10, multiplied by the number of shares of restricted stock.
- (8) The shares of restricted stock vest on August 19, 2020, the fifth anniversary of the grant date.
- (9) The shares of restricted stock were granted on August 23, 2016 and vest one-third each year over a three year period on the anniversary date of the grant date.
- (10) The shares of restricted stock were granted on August 22, 2017 and vest one-third each year over a three year period on the anniversary date of the grant date.
- (11) The shares of restricted stock were granted on August 21, 2018 and vest one-third each year over a three year period on the anniversary date of the grant date

### **Employment Agreements**

Each of our named executive officers has signed an employment agreement with STRATTEC. Each executive officer's employment agreement contains an evergreen renewal feature that automatically extends the agreement for an additional year each June 30, unless advance notice is provided, such that the term of each employment agreement automatically extends for one year each June 30 unless either party gives 30 days' notice that the agreement will not be further extended. Under the agreement, the officer agrees to perform the duties currently being performed in addition to such other duties that may be assigned from time to time. We agree to pay the officer a salary of not less than that of the previous year and to provide fringe benefits that are provided to all of our other salaried employees who are in comparable positions.

The terms of these employment agreements generally include the following:

- each of these executive officers is entitled to a base salary under the employment agreement that may not be decreased from the prior year's level without the consent of the executive officer, but can be increased in the discretion of the Compensation Committee;
- each of these executive officers is entitled to participate in our bonus plans (including our Team Incentive Plan for STRATTEC SECURITY CORPORATION for participation by Executive Officers and Senior Managers) and our Amended and Restated Stock Incentive Plan;
- each of these executive officers is eligible to participate in any medical, health, dental, disability and life insurance policy that we maintain for the benefit of our other senior management;
- each of these executive officers will also receive at our expense group term life insurance coverage equal to two times their base salary subject to a maximum amount of coverage equal to \$500,000;
- each of these executive officers has agreed not to compete with us during employment and for a period equal to the shorter of one year following termination of employment or the

duration of the employee's employment with us and has agreed to maintain the confidentiality of our proprietary information and trade secrets during the term of employment and for two years thereafter; and

- each employment agreement contains severance benefits, which are summarized below under "Post-Employment Compensation."

## **Post-Employment Compensation**

### ***401(k) Plan Benefits***

Our U.S.-based executive officers are eligible to participate in our 401(k) plan on the same terms as our other U.S.-based employees. The match in our 401(k) plan is 100% on the first 5% of an employee's annual wages (up to the federal limit). All of our executive officers participated in our 401(k) plan during fiscal 2019 and received matching contributions in accordance with the foregoing methodology.

### ***Retirement Plan and Supplemental Executive Retirement Plan***

We maintain a qualified, noncontributory defined benefit retirement plan (the "Qualified Pension Plan") covering all executive officers and substantially all other employees in the United States employed by us prior to January 1, 2010. Effective January 1, 2010, an amendment to the Qualified Pension Plan discontinued the benefit accruals for salary increases and credited service rendered after December 31, 2009. Our Board has approved proceeding with the termination of the Qualified Pension Plan. During our fiscal quarter ended December 30, 2018, we completed a substantial portion of terminating the Qualified Pension Plan and in connection with its termination, distributions from the Qualified Pension Plan trust were made during fiscal 2019 to participants who elected lump sum distributions. Additionally, during fiscal 2019, we entered into an agreement with an insurance company to purchase from us, through a series of annuity contracts, our remaining obligations under the Qualified Pension Plan and, as a result, we settled the remaining obligations under the plan for the remaining participants utilizing funds available in the Qualified Pension Plan trust. In connection with the termination of the Pension Plan, each of Mr. Hansen and Mr. Guillot elected lump sum distributions of amounts owed them under the Qualified Pension Plan as a result of the termination of the plan in the amount of \$486,859 and \$328,027, respectively, which amounts were rolled into each of their respective 401(k) plan accounts. Mr. Krejci was not entitled to any benefits under the Qualified Pension Plan as he joined STRATTEC after January 1, 2010, the effective date of the plan amendment to discontinue benefit accruals and credit for service with STRATTEC.

Prior to termination, under the Qualified Pension Plan, nonbargaining unit employees received an annual pension payable on a monthly basis at retirement equal to 1.6% of the employee's average of the highest 5 years of compensation during the last 10 calendar years of service prior to retirement multiplied by the number of years of credited service, with an offset of 50% of Social Security benefits (prorated if years of credited service are less than 30). Compensation under the qualified defined benefit retirement plan included the compensation as

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shown in the Summary Compensation Table under the headings “Salary,” “Bonus,” and “Non-Equity Incentive Plan Compensation” subject to a maximum compensation amount set by law.

Our executive officers also participated during fiscal 2019 in a Supplemental Executive Retirement Plan (SERP). The SERP is a non-qualified supplemental retirement plan program which, prior to January 1, 2014, essentially mirrored the Qualified Pension Plan described above, but provided benefits in excess of certain limits placed on our Qualified Pension Plan by the Internal Revenue Code. The benefits provided under the SERP were therefore primarily those that would have been provided under the terms of our Qualified Pension Plan except for the application of the Internal Revenue Code limits. We have created a Rabbi Trust for deposit of the aggregate present value of the benefits described above for our executive officers.

On October 8, 2013, our Board of Directors approved certain amendments to the SERP which amendments were effective as of December 31, 2013. The amendments generally simplified the SERP by revising the benefit calculation formula. Specifically, the amendments to the SERP generally provided for the following:

- Each participant’s accrued benefit on December 31, 2013 was determined as a lump-sum benefit that was credited to an account established for the participant (the “Conversion Account”).
- STRATTEC will credit 8% of a participant’s base salary and cash bonus each December 31, beginning with December 31, 2014 (the “Company Defined Contribution Account”) to the participant’s account.
- As amended, the SERP provides a supplemental retirement benefit to each participant consisting of the Conversion Account, the Company Defined Contribution Account and credited interest on each account. The credited interest rate equals 120% of the long-term Applicable Federal Rate published by the Internal Revenue Service (“AFR”) determined each January 1, credited to the balance of each participant’s account.
- For the Company Defined Contribution Account, STRATTEC will first credit interest as of January 1, 2016. The interest amount is equal to the participant’s Company Defined Contribution Account balance as of December 31, 2014 multiplied by 120% of the long-term AFR for January 2015. The same method to credit interest is used for each subsequent December 31.
- For the Conversion Account, STRATTEC first credited interest as of January 1, 2015. The interest amount is equal to the participant’s Conversion Account balance as of December 31, 2013 multiplied by 120% of the long-term AFR for January 2014. The same method to credit interest is used for each subsequent December 31.
- If a participant has a separation from service during the plan year, STRATTEC will credit interest to the participant account(s) on a pro-rata basis.

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- All participants as of December 31, 2013 were deemed to be vested and individuals who began participating in the SERP on or after January 1, 2014 are subject to a five-year vesting schedule.
- A lump-sum benefit shall be the only distribution option available under the SERP.
- Each participant chooses, by having made an election before the date the participant or employee becomes eligible for the Company Defined Contribution Account, whether the Company Defined Contribution Account will be paid six months after the participant's separation from service or whether half will be paid six months after the participant's separation from service and the remaining half paid 18 months after the participant's separation from service.

### ***Potential Payments Upon Termination or Change of Control***

We have entered into employment agreements and change of control employment agreements with each of our named executive officers that provide for severance benefits following a termination of employment, as well as provide employment benefits in connection with a change of control (as defined in the change of control agreements).

The employment agreements with our named executive officers provide that if the executive officer's employment is terminated as a result of the death or disability of such executive officer, then the executive officer (or his or her beneficiary) is entitled to continuation of the executive officer's then effective base salary for a period of six months after termination and continuation of health and dental coverage for such six month period after termination of employment; provided, that such period may extend up to twelve months in the event of disability under the STRATTEC self-funded short term disability plan made available to all eligible STRATTEC employees. If the executive officer's employment is terminated by us without cause (as defined in the employment agreements), then the executive officer will be entitled to continuation (1) of the executive officer's then effective base salary for twelve months in the case of Mr. Krejci and, for each other executive officer, for a minimum of six months after termination or a maximum of twelve months with each executive officer receiving one month credit for each year of service as an officer of STRATTEC and (2) of health and dental coverage for such six to twelve month period, as applicable. We believe that these severance benefits are important as a recruiting and retention device and represent reasonable consideration in exchange for the noncompetition, confidentiality and other restrictions applicable to the executive officers under the employment agreements.

Each of our named executive officers has also signed a change of control employment agreement which guarantees the employee continued employment following a change of control (as defined in the agreements) on a basis equivalent to the employee's employment immediately prior to such change in terms of position, duties, compensation and benefits, as well as specified payments upon termination following a change of control. Such agreements become effective only upon a defined change of control of STRATTEC, or if the employee's employment is terminated upon, or in anticipation of such a change of control, and automatically supersede any existing employment agreement once they become effective. Under these agreements, if during the

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employment term (three years from the date of the change of control), the employee is terminated other than for cause (as defined in the agreements) or if the employee voluntarily terminates his or her employment for good reason (as defined in the agreements) or during a 30-day window period one year after a change of control, then the executive officer is entitled to specified severance benefits, including (1) a lump sum payment of three (with respect to Mr. Krejci) or two (with respect to each other named executive officer) times the employee's annual base salary, (2) a payment equal to the executive officer's highest annual bonus (which is equal to the highest cash bonus paid to the named executive officer by STRATTEC and its affiliates collectively during the ten fiscal year period immediately preceding the fiscal year during which the change of control has occurred) and (3) continuation of certain fringe and other benefits. Again, we believe that these severance benefits are important as a recruiting and retention device.

The following table sets forth the compensation that each of our named executive officers would have been eligible to receive if the applicable executive officer's employment had been terminated on the last day of, but prior to, our fiscal year end (June 30, 2019) under circumstances requiring payment of severance benefits as described above other than in connection with a change of control.

**Potential Severance Under Employment Agreements**

<u>Name</u>	<u>Salary</u>	<u>Benefits (1)</u>	<u>Total</u>
Frank J. Krejci	\$ 486,200	\$ 16,021	\$ 502,221
Patrick J. Hansen	\$ 311,700	\$ 15,156	\$ 326,856
Rolando J. Guillot	\$ 279,200	\$ 24,285	\$ 303,485

(1) The benefits consist of expenses for the continuation of health and dental coverage for a six to twelve month period, as applicable.

The following table sets forth the compensation that each of our named executive officers would have been eligible to receive if the applicable executive officer's employment had been terminated on the last day of, but prior to, our fiscal year end (June 30, 2019) under circumstances requiring payment of severance benefits as described above in connection with a change of control.

**Potential Severance Payments Under Change of Control Agreements  
Following a Change of Control**

<u>Name</u>	<u>Salary</u>	<u>Bonus (1)</u>	<u>Benefits (2)</u>	<u>Total</u>
Frank J. Krejci	\$ 1,458,600	\$ 432,051	\$ 48,063	\$ 1,938,714
Patrick J. Hansen	\$ 623,400	\$ 179,429	\$ 30,312	\$ 833,141
Rolando J. Guillot	\$ 558,400	\$ 121,173	\$ 48,569	\$ 728,142

- (1) The bonus amount is based upon a payment equal to the executive officer's highest annual bonus payments (determined as provided in the applicable change of control agreement) that were paid with respect to a fiscal year of STRATTEC.
- (2) The benefits consist of expenses for the continuation of health and dental coverage for a three (with respect to Mr. Krejci) or two (with respect to all other named executive officers) year period.

Additionally, our Amended and Restated Stock Incentive Plan also provides for immediate vesting of all outstanding options and the lapse of any forfeiture provisions or other vesting restrictions on outstanding shares of restricted stock upon a change in control of STRATTEC. The following table sets forth the unvested stock options and shares of unvested restricted stock held by our named executive officers as of June 30, 2019 that would become vested in the event of a change in control of STRATTEC.

<u>Name</u>	<u>Number of Shares Underlying Unvested Options</u>	<u>Unrealized Value of Unvested Options (1)</u>	<u>Number of Shares of Restricted Stock that are Unvested</u>	<u>Unrealized Value of Unvested Restricted Stock (2)</u>
Frank J. Krejci	—	—	7,125	\$ 171,713
Patrick J. Hansen	—	—	4,250	\$ 102,425
Rolando Guillot	—	—	3,840	\$ 92,544

- (1) Unrealized value equals the closing market value of our Common Stock as of the last trading day prior to our fiscal year end of June 30, 2019, minus the exercise price, multiplied by the number of unvested stock options as of such date. The closing market value of our Common Stock on the last trading day prior to our fiscal year end of June 30, 2019 was \$24.10. Any shares subject to unvested stock options where the exercise price exceeds the closing market value of our Common Stock on such last trading day are deemed to have no unrealized value.
- (2) Unrealized value equals the closing market value of our Common Stock as of the last trading day prior to our fiscal year end of June 30, 2019, multiplied by the number of unvested shares of our Common Stock as of such date. The closing market value of our Common Stock on the last trading day prior to our fiscal year end of June 30, 2019 was \$24.10.

## DIRECTOR COMPENSATION

### General Information

During fiscal 2019, each of our non-employee directors received an annual retainer fee of \$40,000 (or \$90,000 with respect to our Non-Executive Chairman of the Board as described below), a fee of \$1,500 for each Board meeting attended and a fee of \$1,000 for each committee meeting attended. The respective chairmen of the Board committees received an additional retainer fee of \$15,000 for the Audit Committee and \$10,000 for the Compensation Committee

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and the Nominating and Corporate Governance Committee. Effective for fiscal 2019, we implemented a new incentive plan for non-employee members of the Board of Directors that replaced our prior Economic Value Added Bonus Plan for Non-Employee Members of the Board of Directors. The new incentive plan is called the Team Incentive Plan for STRATTEC SECURITY CORPORATION for participation by Non-employee Members of the Board of Directors. The purpose of this TIPS Bonus Plan for Non-Employee Members of the Board of Directors is to maximize long-term shareholder value by providing incentive compensation to non-employee directors in a form which relates the financial reward to an increase in our value to our shareholders and to enhance our ability to attract and retain outstanding individuals to serve as non-employee directors. The TIPS Bonus Plan for Non-Employee Members of the Board of Directors provides for the payment of a potential cash bonus to each non-employee director equal to the product of (a) 40% of the director's retainer and meeting fees for the fiscal year, multiplied by (b) a Company Performance Factor. In general, the Company Performance Factor was determined by reference to the level of STRATTEC's profit before tax (prior to any bonus accruals for the year and after adjusting for non-controlling interests and for other unusual income or expense items) for the year in excess of a hurdle amount set by the Compensation Committee each year and subject to a maximum payout amount each year equal to 200% of the target amount.

Our non-employee directors are also eligible participants under our Amended and Restated Stock Incentive Plan and are entitled, subject to the discretion of our Compensation Committee, to receive awards under that plan. On August 21, 2018, our Compensation Committee approved specified grants of shares of restricted stock based upon fiscal 2018 performance of 1,050 shares to each of Mr. Stratton, Mr. Koss, Mr. Zimmer and Mr. Florsheim. All of these shares of restricted stock vest one-third each year over a three year period on the anniversary of the grant date and have all the rights of our shares of common stock (including voting rights), other than the right to receive cash dividends while such shares are not vested. These shares of restricted stock had a grant date fair value per share of \$37.25 as determined pursuant to FASB Accounting Standards Codification Topic 718.

On August 20, 2019, our Compensation Committee also made specified grants of shares of restricted stock based upon fiscal 2019 performance of 2,100 shares to each of Mr. Stratton, Mr. Koss, Mr. Zimmer and Mr. Florsheim. These shares of restricted stock will vest one-third each year over a three year period on the anniversary of the grant date and have all the rights of our shares of common stock (including voting rights), other than the right to receive cash dividends while such shares are not vested. These shares of restricted stock had a grant date fair value per share of \$21.80 as determined pursuant to FASB Accounting Standards Codification Topic 718.

Similar to the report obtained by our Board of Directors from Newport Group regarding executive officer compensation, our Board of Directors retained Newport Group in April 2019 to compile a survey of board of director compensation data from a peer group of companies. Newport Group compiled board of director pay practice data from the same industry peer group companies as were included in the Newport Group report prepared in April 2019 on executive officer compensation. The data compiled by the survey included an analysis of retainer fees for



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board and committee service, meeting fees, chairperson fees and incentive compensation. Based upon the survey results, the overall compensation level of our directors was below the median compensation of the directors of the companies included in the survey, with incentive compensation under our TIPS Bonus Plan for Non-Employee Members of the Board of Directors significantly impacting our Board total compensation. Our Board of Directors and our Compensation Committee discussed the results of this survey at meetings held at the end of fiscal 2019 and the beginning of fiscal 2020 and subsequently formally approved a change relating to the compensation of our directors for fiscal 2020 to increase the value of the restricted stock granted annually to our non-employee directors to equal approximately \$45,000 based on the market value of our Common Stock on the date of the grant of the award.

Commencing on September 1, 2012, Mr. Stratton became a non-employee member of our Board of Directors. As a non-employee director and Chairman of our Board, effective September 1, 2012 and thereafter unless changed or modified by approval of our Compensation Committee, Mr. Stratton is entitled to (1) an annual retainer fee currently of \$90,000 and (2) board meeting fees and participation in the Amended and Restated Stock Incentive Plan and the TIPS Bonus Plan for Non-Employee Members of the Board of Directors on a basis consistent with our other non-employee directors, as described above.

### **Director Summary Compensation Table**

The following table summarizes the director compensation for fiscal year 2019 for all of our non-employee directors. Mr. Krejci did not receive any additional compensation for his service as an employee director during fiscal 2019 beyond the amounts previously disclosed above in the Summary Compensation Table.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards (1)</u>	<u>Non-Equity Incentive Plan Compensation (2)</u>	<u>All Other Compensation</u>	<u>Total</u>
Harold M. Stratton II	\$ 100,500	\$39,113	\$ —	\$ —	\$139,613
Michael J. Koss	\$ 65,500	\$39,113	\$ —	\$ —	\$104,613
Thomas W. Florsheim, Jr.	\$ 65,500	\$39,113	\$ —	\$ —	\$104,613
David R. Zimmer	\$ 70,500	\$39,113	\$ —	\$ —	\$109,613

- (1) The amounts in this column reflect the dollar value of long-term equity based compensation awards granted pursuant to the terms of our Amended and Restated Stock Incentive Plan during the fiscal year. These amounts equal the grant date fair value of shares of restricted stock, computed in accordance with FASB Accounting Standards Codification Topic 718. Assumptions used in the calculation of the grant date fair value are included under the caption "Accounting for Stock-Based Compensation" in the Notes to our Consolidated Financial Statements in the fiscal year 2019 Annual Report on Form 10-K filed with the Commission on September 5, 2019 and such information is incorporated herein by reference.

- (2) To the extent amounts are awarded, this column discloses the dollar value of all amounts earned by the director under our Team Incentive Plan for STRATTEC for participation by Non-Employee Members of the Board of Directors for performance in fiscal 2019 which were tied to incentive performance targets.

## **TRANSACTIONS WITH RELATED PERSONS**

### **Related Person Transactions**

During fiscal 2019, other than as described above under Executive Compensation and Director Compensation, STRATTEC did not engage in any related party transactions within the meaning of the rules of the Commission.

### **Review and Approval of Related Person Transactions**

The charter for our Audit Committee provides that one of the responsibilities of our Audit Committee is to review and approve related party transactions in accordance with the listing standards or requirements of the NASDAQ Stock Market. Although we do not currently have a formal written set of policies and procedures for the review, approval or ratification of related person transactions, we do have written procedures in place to identify related party transactions that may require Audit Committee approval. These procedures include annual submission of director and officer questionnaires. Where a related party transaction is identified, the Audit Committee reviews and, where appropriate, approves the transaction based on whether it believes that the transaction is at arms length and contains terms that are no less favorable than what we could have obtained from an unaffiliated third party.

## **PROPOSAL 2: NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION**

### **The Proposal**

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and Commission rules and regulations (and consistent with the similar proposal on executive compensation submitted to our shareholders in connection with previous shareholder annual meetings), our Board of Directors has authorized a non-binding advisory shareholder vote to approve the compensation of our named executive officers as reflected in the Executive Compensation section of this Proxy Statement, the disclosures regarding named executive officer compensation provided in the various tables included in this Proxy Statement, the accompanying narrative disclosures and the other executive compensation information provided in this Proxy Statement. This proposal, commonly known as a "Say on Pay" proposal, gives our shareholders the opportunity to endorse or not endorse our executive pay programs and policies.

We believe that our compensation policies and procedures, which are reviewed and approved by our Compensation Committee, are designed to align our executive officer's compensation with our short-term and long-term performance and to provide the compensation and incentives needed

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to attract, motivate and retain key executives who are important to our continued success. Our Compensation Committee periodically reviews and approves our compensation policies and procedures, and periodically reviews our executive compensation programs and takes any steps it deems necessary to continue to fulfill the objectives of our compensation programs.

Shareholders are encouraged to carefully review the “Executive Compensation” section of this Proxy Statement for a detailed discussion of our executive compensation programs. These programs have been designed to promote a performance-based culture which aligns the interests of our named executive officers and other senior managers with the interests of our shareholders. This includes annual incentive cash compensation based on the named executive officers achieving their individual goals and objectives and STRATTEC achieving specified financial performance measures. A substantial portion of our named executive officers’ compensation is also based on equity awards with long-term vesting requirements.

Accordingly, shareholders are being asked to vote on the following resolution:

**“Resolved, that the compensation paid to STRATTEC’s named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (including pursuant to Item 402 of Regulation S-K), including the compensation tables and narrative discussion, is hereby approved by the shareholders of STRATTEC SECURITY CORPORATION.”**

Because this shareholder vote is advisory, it will not be binding on the Board of Directors. However, our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

### **Vote Required for Approval**

If a quorum exists, the approval of the non-binding advisory proposal on our executive compensation described in this Proxy Statement requires the votes cast, in person or by proxy, and entitled to vote thereon, for this proposal to exceed the votes cast against this proposal. Abstentions and broker non-votes will not count toward the determination of whether this proposal is approved and will have no impact on the vote.

### **Board of Directors Recommendation**

**The Board of Directors recommends a vote “FOR” the non-binding advisory resolution approving our executive compensation.**

### **PROPOSAL 3: AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION**

### **Background and its Purpose**

Under the Wisconsin Business Corporation Law, unless otherwise provided in a company’s articles of incorporation, directors are elected by a plurality of the votes cast by the shares entitled

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to vote at a meeting. In this context, “plurality” means that the individuals with the largest number of votes are elected as directors up to the maximum number of directors to be chosen at the election. STRATTEC’s Amended and Restated Articles of Incorporation are currently silent as to the voting standard for election of directors. As a result, implementing a majority voting standard for director nominees running unopposed will require that the Board adopt, and the shareholders approve, an amendment to STRATTEC’s Amended and Restated Articles of Incorporation.

The Board of Directors believes it is in the best interest of the Corporation to amend the Corporation’s Amended and Restated Articles of Incorporation to provide for a majority voting standard for the election of director candidates to the Board of Directors in uncontested elections of directors (the “[Majority Vote Amendment](#)”). The Majority Vote Amendment includes, along with it, the Board’s adoption of a newly created resignation policy for director nominees in uncontested elections, a copy of which policy is attached to this Proxy Statement as [Appendix B](#). Pursuant to this policy, the Board, upon recommendation of the Nominating and Corporate Governance Committee, shall nominate for election as a director, and fill director vacancies, only with candidates who agree to tender, promptly following such person’s failure to receive in an uncontested election of directors a greater number of votes “for” his or her election than votes “withheld” from such election, an irrevocable resignation, to the extent an incumbent director, that will be effective upon Board acceptance of such resignation. The policy further requires that any incumbent director who fails to receive a greater number of votes “for” his or her election than votes “withheld” at the Annual Meeting must tender his or her irrevocable resignation to the Board.

The Nominating and Corporate Governance Committee will act to determine whether to accept the incumbent director’s resignation and will submit such recommendation for consideration by the Board, and the Board will act on the Nominating and Corporate Governance Committee’s recommendation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant under the circumstances in deciding whether to accept a director’s resignation, which may include, without limitation, the stated reason(s), if any, as to why shareholders who cast “withhold” or “for” votes for the director did so, whether the Corporation would benefit from additional engagement with shareholders in order to ascertain the underlying reason(s) for the vote results, alternatives for addressing the underlying reason(s) for the “withhold” votes, the director’s qualifications and contributions, the Corporation’s ability to comply with applicable law, stock exchange and other requirements, the best interests of the Corporation and its shareholders, and such other factors and circumstances as directors may deem appropriate to consider in such matter.

### **The Proposed Amendment**

The Board has approved the adoption of the Majority Vote Amendment to the STRATTEC Amended and Restated Articles of Incorporation to provide for a majority voting standard in uncontested elections of directors, subject to shareholder approval of the Majority Vote Amendment. If such proposed amendment is approved by the shareholders a new Subsection (e) will be added to the end of Article V of the Corporation's Amended and Restated Articles of Incorporation that reads as follows:

“(e) Each director shall be elected by a majority of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present except in a contested election of directors, in which case such directors will be elected by a plurality of the votes cast by the shares entitled to vote at a meeting.”

We are now submitting this amendment for approval by the Corporation's shareholders. If the amendment is approved by the shareholders, this amendment will become effective upon the filing of articles of amendment of the Corporation's Amended and Restated Articles of Incorporation with the Wisconsin Department of Financial Institutions. The Company would make such a filing promptly after the Annual Meeting. If the proposed amendment is not approved, no amendment will be made to the Corporation's Amended and Restated Articles of Incorporation, nor will the newly created resignation policy for director nominees in an uncontested election attached to this Proxy Statement as Appendix B be adopted and put into effect, and the existing plurality voting standard will remain in place.

### **Vote Required for Approval**

If a quorum exists, the approval of the Majority Vote Amendment proposal described in this Proxy Statement requires the votes cast, in person or by proxy, and entitled to vote thereon, for this proposal to exceed the votes cast against this proposal. Abstentions and broker non-votes will not count toward the determination of whether this proposal is approved and will have no impact on the vote.

### **Board of Directors Recommendation**

**The Board of Directors recommends a vote “FOR” approval of the Majority Vote Amendment to the STRATTEC Amended and Restated Articles of Incorporation.**

## **ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION ON FORM 10-K**

We are required to file an annual report, called a Form 10-K, with the Securities and Exchange Commission. A copy of Form 10-K for the fiscal year ended June 30, 2019 will be made available, without charge, to any person entitled to vote at the Annual Meeting. The written request related to the foregoing should be directed to Patrick J. Hansen, Office of the Corporate Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209.

## SHAREHOLDER PROPOSALS

Any shareholder who desires to submit a proposal or a nominee director for inclusion in our 2019 Proxy Statement in accordance with Rule 14a-8 must submit the proposal in writing to Patrick J. Hansen, Chief Financial Officer and Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. We must receive a proposal by May 8, 2020 (120 days prior to the anniversary of the mailing date of this Proxy Statement) in order to consider the proposal or nominee for inclusion in our 2020 Proxy Statement. For additional information on nominee director proposals, see “Corporate Governance Matters — Director Nominations” above.

Proposals submitted other than pursuant to Rule 14a-8 that are not intended for inclusion in our 2020 Proxy Statement will be considered untimely if received after July 10, 2020 (90 days prior to the anniversary date of the previous year’s annual meeting of shareholders). If a shareholder gives notice of such a proposal after this deadline, Commission rules allow our proxy holders discretionary voting authority to vote against the shareholder proposal to the extent it is properly presented for consideration at the 2020 Annual Meeting of Shareholders.

## OTHER MATTERS

Our directors know of no other matters to be brought before the meeting. If any other matters properly come before the meeting, including any adjournment or adjournments thereof, it is intended that proxies received in response to this solicitation will be voted on such matters in the discretion of the person or persons named in the accompanying proxy form.

BY ORDER OF THE BOARD OF DIRECTORS  
STRATTEC SECURITY CORPORATION

Patrick J. Hansen, Secretary

Milwaukee, Wisconsin  
September 5, 2019

**Appendix A**

**STRATTEC SECURITY CORPORATION  
DIRECTOR SELECTION CRITERIA**

**Business Background, Skills and Experience**

In order to be considered as a potential or continuing member of the Board of Directors of STRATTEC SECURITY CORPORATION (the "Corporation"), candidates should have relevant business and industry skills and experience, including a background, demonstrated skills or experience in at least one of the following areas:

- Substantial recent business experience at the senior management level, preferably as chief executive officer or chief financial officer;
- International business experience in geographic areas which are significant to the Corporation;
- Financial expertise or risk assessment, risk management or employee benefit skills or experience;
- Recent specialized or technical expertise in the automotive or electronics industries or other industries with highly engineered products; and
- Substantial expertise with respect to strategic planning and related global operational matters.

The Board will consider the desirability of the continued service of directors who change their primary employment. Such directors are expected to tender their resignations to assist the Board in evaluating such desirability on a timely basis.

**Personal**

Candidates should possess strong personal attributes, including ability, unquestionable integrity and honesty, leadership, independence, interpersonal skills and strong moral values.

Candidates (other than the Chairman of the Board and the President and Chief Executive Officer) should be independent of management and free of potential material conflicts with the Corporation's interests.

Candidates are generally expected to meet the independence requirements relating to directors under applicable laws and regulations. Nominee directors who are not continuing directors are also required to provide a written affirmation that, among other things, the nominee is not an employee, director or affiliate of any competitor of the Corporation.

**Other**

In considering any particular candidate, the Board will consider the following additional factors:

- The candidate's ability to work constructively with other members of the Board and with management;
- Whether the candidate brings an appropriate mix of skills and experience that will enhance the diversity and overall composition of the Board. Directors should be selected so that the Board is a diverse body, with diversity reflecting gender, race, ethnicity, national origin, tenure and professional experience. The Board shall endeavor, taking into account the considerations and attributes of directors and director candidates described above, to enhance and maintain diversity on its Board; and
- Whether the candidate is able to devote the time necessary to properly discharge his or her responsibilities. The Board will consider the number of other boards on which the candidate serves, and the likelihood that such other service will interfere with the candidate's ability to perform his or her responsibilities to the Corporation.

Candidates will be considered without discrimination because of their race, religion, color, sex, age, national origin, disability, veteran or military status or any other characteristic protected by state, federal or local law.



**Appendix B**

**STRATTEC SECURITY CORPORATION  
RESIGNATION POLICY FOR DIRECTOR NOMINEES IN  
UNCONTESTED ELECTIONS**

In connection with the adoption of a majority voting standard for the election of director candidates to the Board of Directors (the “Board”) of STRATTEC SECURITY CORPORATION (the “Corporation”), the Board adopts this Resignation Policy for Director Nominees in Uncontested Elections. As used herein, an “uncontested election of directors” is an election in which the number of nominees is not greater than the number of Board seats open for election, with such determination being made as of the close of the applicable notice of director nomination period for the meeting based on whether one or more notice(s) of nomination were timely filed.

The Board, upon recommendation of the Nominating and Corporate Governance Committee of the Board, shall nominate for election as a director, and fill director vacancies, only with candidates who agree to tender, promptly following such person’s failure to receive in an uncontested election of directors a greater number of votes “for” his or her election than votes “withheld” from such election, an irrevocable resignation, to the extent an incumbent director, that will be effective upon Board acceptance of such resignation.

Accordingly, in an uncontested election of directors at an annual meeting of shareholders, an incumbent director nominee standing for election who receives a greater number of votes “withheld” from his or her election than votes “for” his or her election will, within ten (10) business days following the certification of the shareholder vote, tender his or her written resignation from the Board for consideration by the Nominating and Corporate Governance Committee and the Board, which resignation would be effective only upon its acceptance by the Board.

The Nominating and Corporate Governance Committee will consider such tendered resignation, considering such factors and circumstances as it may deem relevant, and, within ninety (90) days following the date of the shareholders’ meeting, will make a recommendation to the Board concerning the acceptance or rejection of such tendered resignation. The Board will promptly disclose its decision and, if applicable, the reasons for accepting or rejecting the tendered resignation, on Form 8-K filed with the Securities and Exchange Commission. Relevant factors and circumstances may include, without limitation, the stated reason(s), if any, as to why shareholders who cast “withhold” or “for” votes for the director did so, whether the Corporation would benefit from additional engagement with shareholders in order to ascertain the underlying reason(s) for the vote results, alternatives for addressing the underlying reason(s) for the “withhold” votes, the director’s qualifications and contributions, the Corporation’s ability to comply with applicable law, stock exchange and other requirements, the best interests of the Corporation and its shareholders, and such other factors and circumstances as directors may deem appropriate to consider in such matter.

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A director who, in accordance with this policy, is required to tender his or her resignation, shall abstain from voting (and not participate in the recommendation proceeding) on the Nominating and Corporate Governance Committee's and the Board's determinations with respect to accepting or rejecting his or her resignation as a director. If each member of the Nominating and Corporate Governance Committee fails to receive in the same uncontested election a greater number of votes "for" his or her election than votes "withheld" from such election, then those independent directors who did receive the required vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only directors who receive in the same uncontested election a greater number of votes "for" his or her election than votes "withheld" from such election constitute three or fewer directors, all directors may participate in the Board action regarding whether to accept the resignation offers.



EQ Shareowner Services  
P.O. Box 64945  
St. Paul, MN 55164-0945

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" ELECTION OF THE NOMINEE DIRECTOR AND "FOR" PROPOSALS 2 AND 3. AFTER VOTING SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.**

Ò Please detach here Ò

**STRATTEC SECURITY CORPORATION 2019 ANNUAL MEETING**

1. Election of director: 01 Frank J. Krejci

Vote FOR the nominee

Vote WITHHELD from the nominee

(To withhold authority to vote for any individual nominee, write the number(s) of the nominee(s) in the box to the right.)

2. To approve the non-binding advisory proposal on executive compensation.

Vote FOR the proposal

Vote AGAINST the proposal

ABSTAIN

3. To approve an amendment to the Amended and Restated Articles of Incorporation to provide for a majority voting standard for election of directors in uncontested elections of directors.

Vote FOR the proposal

Vote AGAINST the proposal

ABSTAIN

4. In their discretion, the Proxies are authorized to vote on such other matters as may properly come before the meeting.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE NOMINEE DIRECTOR AND FOR PROPOSALS 2 and 3. AFTER VOTING SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.**

Address Change? Mark box, sign, and indicate changes below: ■

Date \_\_\_\_\_

Signature(s) in Box

If signing as attorney, executor, administrator, trustee or guardian, please add your full title as such. If shares are held by two or more persons, all holders must sign the Proxy.

**STRATTEC SECURITY CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS**

**Tuesday, October 8, 2019  
8:00 a.m. Central Time**

**Holiday Inn Milwaukee Riverfront Hotel  
4700 North Port Washington Road  
Milwaukee, WI 53212**

**Proxy Statement for the 2019 Annual Meeting of Shareholders  
to be Held on October 8, 2019**

**Important Notice Regarding the Availability of Proxy Materials for the  
2019 Annual Meeting of Shareholders to be held on October 8, 2019:  
This Proxy Statement and the Accompanying Annual Report  
are Available at [www.strattec.com](http://www.strattec.com)**



**STRATTEC SECURITY CORPORATION  
3333 West Good Hope Road  
Milwaukee, WI 53209**

**proxy**

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**STRATTEC SECURITY CORPORATION  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Frank J. Krejci and Patrick J. Hansen, or either one of them, with full power of substitution and resubstitution, as proxy or proxies of the undersigned to attend the Annual Meeting of Shareholders of STRATTEC SECURITY CORPORATION to be held on October 8, 2019 at 8:00 a.m. Central Time, at the **Holiday Inn Milwaukee Riverfront Hotel, 4700 North Port Washington Road, Milwaukee, Wisconsin 53212**, and at any adjournment thereof, there to vote all shares of Common Stock which the undersigned would be entitled to vote if personally present as specified upon the following matters and in their discretion upon such other matters as may properly come before the meeting.

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and accompanying Proxy Statement, ratifies all that said proxies or their substitutions may lawfully do by virtue hereof, and revokes all former proxies.

Please sign exactly as your name appears hereon, date and return this Proxy. **UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED TO GRANT AUTHORITY TO ELECT THE NOMINATED DIRECTOR, TO APPROVE THE NON-BINDING PROPOSAL ON EXECUTIVE COMPENSATION AND TO APPROVE THE AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION PROVIDING FOR A MAJORITY VOTING STANDARD IN UNCONTESTED ELECTIONS OF DIRECTORS. IF OTHER MATTERS COME BEFORE THE MEETING, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PROXIES APPOINTED.**

*See reverse for voting instructions.*