

STMICROELECTRONICS N.V.

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**SUPERVISORY BOARD CHARTER**

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### **SUPERVISORY BOARD CHARTER**

This Supervisory Board Charter (the “Charter”) sets forth the corporate governance principles and internal regulations of the Supervisory Board of STMicroelectronics N.V. (“ST” or the “Company”) as lastly amended by the Supervisory Board on 25 October 2017.

#### **Article 1.**

##### **Status and contents of the rules.**

- 1.1. The Charter is issued pursuant to article 20.2 of ST’s Articles of Association and is complementary to the rules and regulations applicable to the Supervisory Board under Dutch law and ST’s Articles of Association.
- 1.2. The following annexes are attached to, and form an integral part of, the Charter:
  - Annex A:** Independence Criteria applicable to members of the Supervisory Board;
  - Annex B:** Audit Committee Charter;
  - Annex C:** Compensation Committee Charter;
  - Annex D:** Nominating and Corporate Governance Committee Charter; and
  - Annex E:** Strategic Committee Charter.
- 1.3. This Charter is published and available for download on the Company’s website ([www.st.com](http://www.st.com)) and is also available in print to any shareholder upon request.

#### **Article 2.**

##### **Duties and responsibilities of the Supervisory Board.**

- 2.1. The Supervisory Board supervises the policies pursued by the Managing Board and the general course of affairs and business of the Company and supports the Managing Board with its advice. In performing its duties, the Supervisory Board shall be guided by the interests of the Company and its business; it shall take into account the relevant interests of all stakeholders (including the Company’s shareholders). The Supervisory Board is responsible for the quality of its own performance.
- 2.2. The duties and responsibilities of the Supervisory Board shall include:
  - a) Supervising, monitoring and advising the Managing Board with respect to:
    - (i) the Company’s performance,
    - (ii) the Company’s strategy for long term value creation and the implementation thereof, the

Company's risk culture, risk appetite, and main risks associated with the strategy,

(iii) the effectiveness of the design and operation of the internal risk management and control systems,

(iv) the financial reporting process and the quality and integrity of the financial reporting, and

(v) the establishment and implementation of internal procedures which safeguard that all relevant information is known to the Managing Board and Supervisory Board in a timely fashion.

- b) Supervising, monitoring and advising the Managing Board with respect to the Company-shareholder relationship;
- c) Supervising, monitoring and advising the Managing Board with respect to its activities in relation to creating a culture aimed at long term value creation;
- d) The Company's corporate governance structure;
- e) Ensuring that a formal and transparent procedure is in place for the appointment and reappointment of Management Board and Supervisory Board members, ensuring that there is a sound succession plan for the Managing Board and Supervisory Board, and adopting a diversity policy for the composition of the Managing Board and Supervisory Board
- f) Selecting and recommending the appointment of the member(s) of the Managing Board;
- g) Proposing the remuneration policy for the member(s) of the Managing Board (such policy to be adopted by the General Meeting of Shareholders of the Company), fixing the remuneration annually and the contractual terms and conditions applicable to the member(s) of the Managing Board (in accordance with said remuneration policy);
- h) Selecting and recommending the appointment of the members of the Supervisory Board and proposing their remuneration;
- i) Handling, and deciding on, actual or potential reported conflicts of interests (within the meaning of article 13) between the Company, on the one hand, and any members of the Supervisory Board, Managing Board and the (major) shareholder(s) on the other hand;
- j) Selecting and recommending the appointment of the Company's external auditor upon proposal by the Audit Committee and resolving upon the engagement to audit the financial statements upon proposal by the Audit Committee;
- k) Supervising the functioning of the Company's external auditor;
- l) Overseeing the Company's internal audit function;
- m) Ensuring the Company has established and maintains adequate whistleblowing and misconduct procedures, approving such procedures, upon recommendation of the Audit

Committee, monitoring the operation of such procedures, supervising that appropriate and independent investigations are performed into signs of misconduct or irregularities and that there is an adequate follow-up of possible recommendations for remedial actions in case misconduct or irregularities are discovered;

- n) Deciding on reported allegations pursuant to the Company's whistleblowing and misconduct procedures concerning the functioning of any member(s) of the Managing Board and the procedures to be followed in this respect, whereby the Supervisory Board has the possibility of initiating its own investigation and to coordinate this investigation;
- o) Approving decisions by the Managing Board as referred to in article 16 of the Articles of Association, including: (i) all proposals to be submitted to a vote at the General Meeting of Shareholders, (ii) the formation of all companies, acquisition or sale of any participation and conclusion of any cooperation and participation agreement, (iii) all pluri-annual plans of the Company and the budget for the coming year (covering investment policy, policy regarding research and development, and commercial policy and objectives, general financial policy and policy regarding personnel), and (iv) all acts, decisions or operations covered by the foregoing and constituting a significant change with respect to decisions already approved by the Supervisory Board or not provided for in the above list and as specifically laid down by a Supervisory Board resolution to that effect;
- p) Approving also the following types of Managing Board decisions:
- any alteration in the Articles of Association or other constitutional documents of ST or any direct or indirect subsidiary (an “ST Group Company”), other than wholly owned subsidiaries;
  - other than for wholly owned subsidiaries (for which approval by the Supervisory Board is not required), any alteration in the authorized share capital of ST or any ST Group Company or any issue, acquisition or disposal by ST – with the exception of shares in ST’s share capital acquired pursuant to article 5 paragraph 2 of ST’s Articles of Association – or any ST Group Company of its own shares or change in share rights and any issue of instruments resulting in a share in the capital of any ST Group Company or its profits;
  - the liquidation or dissolution of ST or any ST Group Company or the disposal of all or a substantial and material part of the business or assets of ST or any ST Group Company or of any shares in any ST Group Company;
  - any merger, acquisition or joint venture agreement (and, if substantial and material, any agreement relating to intellectual property) to which ST or any ST Group Company is, or is proposed to be, a party, as well as the formation of new companies by ST or any ST Group Company (with the understanding that only acquisitions above \$25 million per transaction are subject to prior Supervisory Board approval);
  - the draft consolidated balance sheets and financial statements of ST, as well as profit distribution policies of ST and its subsidiaries;

- approval of any agreement which may qualify as a related-party transaction including any agreement between ST or any ST Group Company and any of the major shareholders of ST;
  - the key parameters of ST's pluri-annual plans and the consolidated annual budgets of ST, as well as any significant modifications to said plans and budgets, or any one of the matters set forth in article 16.1 of ST's Articles of Association and not included in the approved plans or budgets;
  - operations which have to be submitted for Supervisory Board prior approval, even if their financing was provided for in the approved annual budget;
  - quarterly, semi-annual and annual consolidated accounts of ST according to U.S. generally accepted accounting principles ("U.S. GAAP"), and as required, according to international financial reporting standards ("IFRS");
  - the exercise of any shareholder right in a ST joint venture company ("ST Joint Venture Company"), which is a company (i) with respect to which ST holds directly or indirectly either a minority equity position in excess of 25% or a majority position without the voting power to adopt extraordinary resolutions or (ii) in which the Company directly or indirectly participates and which participation has a value of at least one-third of the Company's total assets according to the consolidated balance sheet and notes thereto in the most recently adopted (statutory) annual accounts of the Company, with the understanding, for the avoidance of doubt, that decisions of the Managing Board regarding the general management and/or operations of such ST Joint Venture Company are not subject to Supervisory Board approval and that the Managing Board reports to the Supervisory Board on the operations of the ST Joint Venture Companies as part of its regular reporting to the Supervisory Board and in principle at least every six months;
  - the strategy of the Company;
  - the annual internal audit plan and the appointment, replacement, reassignment and dismissal of the Chief Audit and Risk Executive.
- q) Upon proposal of the Managing Board, resolving to (partly) reserve the profit and proposing to the General Meeting of Shareholders to distribute dividend, resolving to make interim-dividend distributions, and resolving or proposing to the General Meeting of Shareholders to make distributions out of the freely distributable reserves of the Company, notwithstanding the provisions in the Company's Articles of Association and applicable laws;
- r) Supervising the adoption and implementation by ST's Managing Board on a consolidated basis of strategic pluri-annual plans and annual budgets in line with the decisions of the Supervisory Board;
- s) On an annual basis, the renewal of the authorization by the Managing Board to issue guarantees for the benefit of companies whose accounts are consolidated by the Company, as well as guarantees granted to third parties including non-consolidated subsidiaries of the Company;
- t) On an annual basis, the evaluation of the Supervisory Board and the Managing Board as

described in article 9.3;

- u) Regularly discussing the corporate strategy, the implementation thereof and the main risks associated with it.
- v) Discussing on the basis of the report of the Audit Committee:
  - the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
  - the methods used to assess the effectiveness of the internal and external audit processes;
  - material considerations regarding financial reporting; and
  - the way material risks and uncertainties within the framework of the in control statement have been analyzed and discussed, along with a description of the most important findings of the Audit Committee.

2.3. The Supervisory Board shall prepare and publish a report to the General Meeting of Shareholders on its functioning and activities during the preceding financial year. The report shall at least include the information referred to in articles 2.2(t), 3.5, 6.6, 9.6 and 10.7.

### **Article 3.**

#### **Composition, expertise and independence of the Supervisory Board.**

- 3.1. The Supervisory Board shall in any case consist of such minimum number of members as determined in the Articles of Association of the Company. The Supervisory Board shall prepare criteria concerning its scope and composition, taking into account the nature of the business, its activities, and the desired expertise, competencies, experience, diversity and independence of its members. The Supervisory Board shall evaluate those criteria annually.
- 3.2. The composition of the Supervisory Board shall be such that the combined experience, expertise, competencies, diversity and independence of its members enables the Supervisory Board to best carry out the variety of its duties and responsibilities to the Company and all stakeholders, consistent with applicable law and regulations (including the rules of any of the stock exchanges (currently the New York Stock Exchange, Euronext Paris and Borsa Italiana Milano) on which the Company's securities are listed). Supervisory Board members are selected on the basis of their specific business, financial, technical and/or legal expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform their activities as Supervisory Board members.
- 3.3. The composition of the Supervisory Board shall meet the following criteria:
  - a) each of its members must be capable of assessing the broad outline of the overall policy of the Company and its business;

- b) each of its members must match the criteria as referred to in article 3.2 and the Supervisory Board as a whole must be composed in accordance therewith;
  - c) each of its members must meet the Independence Criteria set forth in **Annex A** hereto, and the Supervisory Board will affirmatively determine and disclose whether any of its members fail to meet such criteria; and
  - d) none of its members may maintain more than five memberships on boards of listed companies (including the Company) or non-listed large companies or foundations under Dutch law, whereby a chairmanship shall count double, and furthermore without prejudice to applicable mandatory statutory rules and regulations.
- 3.4. Members of the Managing Board and Supervisory Board shall report any other positions they may have to the Supervisory Board in advance (as far as relevant to the duties as a member of the Managing Board or Supervisory Board). The Supervisory Board shall at least annually discuss the positions, other than the main positions, of the members of the Managing Board and Supervisory Board. The acceptance of a position in a supervisory board of another company by a member of the Managing Board requires the prior approval of the Supervisory Board.
- 3.5 Each member of the Supervisory Board shall be required to submit timely to the Supervisory Board's Chair, directly or via the Secretariat of the Supervisory Board, such information as is necessary to record or update, as the case may be, his/her:
- a) age;
  - b) profession;
  - c) principal position;
  - d) nationality;
  - e) other positions; as far as relevant to the duties as a member of the Supervisory Board;
  - f) date of initial appointment;
  - g) current term of office; and
  - h) any other information that could impact the appearance of such member's independence.

## **Article 4.**

### **Chair, Vice-Chair.**

- 4.1. The Supervisory Board shall appoint one of its members as Chair and one of its other members as Vice-Chair. In making such appointments, the Supervisory Board may consider proposals from shareholders.
- 4.2. The Chair and Vice-Chair shall work in close cooperation with each other in exercising their functions. The Vice-Chair shall act as the Chair (and have his/her authorities and duties) in the event the Chair is absent or prevented from acting.

4.3. The Chair sets the agenda for meetings of the Supervisory Board, chairs the meetings of the Supervisory Board, monitors the proper functioning of the Supervisory Board, its Committees and members, arranges for the adequate submission of information to the members of the Supervisory Board, and as Chair ensures the orderly and efficient conduct of the General Meetings of Shareholders. The Chair acts on behalf of the Supervisory Board as the main contact for the Managing Board and for shareholders regarding the functioning of the Managing and Supervisory Board members.

4.4. Furthermore, the Chair of the Supervisory Board ensures:

- a) the co-ordination of the Supervisory Board's decision-making process;
- b) the adequate and timely submission of information to the members of the Supervisory Board as necessary for the proper performance of their duties;
- c) that the Supervisory Board picks up relevant signals from the ST organization (e.g. signals relating to possible misconduct or irregularities) and in connection therewith that any (suspicion of) material misconduct or irregularities are reported to the Supervisory Board without delay;
- d) that there is ample time for consultation, consideration and decision-making by the Supervisory Board;
- e) the steering, and procuring the adequate performance of, the Committees of the Supervisory Board;
- f) the annual evaluation of the functioning of the Managing Board and the Supervisory Board as mentioned in article 9.3;
- g) the introduction and ongoing education and training program for members of the Supervisory Board as referred to in article 9.1 and 9.2 and that the members of the Supervisory Board take part in such programs.
- h) the appointment of a Vice-Chair of the Supervisory Board;
- i) that the contact with the Managing Board is productive and that the results thereof are timely and prudently communicated to the other members of the Supervisory Board;
- j) receiving, and deciding on, reported (actual or potential) conflicts of interests within the meaning of article 13;
- k) receiving and handling certain allegations pursuant to the Company's whistleblowing and misconduct procedures;
- l) the Managing Board performs the activities in relation to creating a culture aimed at long term value creation;



- m) effective communication with the Company's shareholders is assured; and
- n) that the Supervisory Board is involved closely and timely in a material merger or takeover process involving the Company.

## **Article 5.**

### **Secretariat, Controllers.**

- 5.1. The Supervisory Board appoints and dismisses a Secretary and Vice-Secretary. In making such appointments, the Supervisory Board may consider proposals from shareholders. Furthermore, the Managing Board makes an Executive Secretary available to the Supervisory Board. The Executive Secretary is also appointed and dismissed by the Supervisory Board. The Secretary, Vice-Secretary and Executive Secretary constitute the Secretariat of the Supervisory Board. The members of the Secretariat are invited to attend all meetings of the Supervisory Board and its Committees.
- 5.2. The mission of the Secretariat is:
- a) to assist the Chair of the Supervisory Board in preparing the agenda and the convocation of Supervisory Board meetings;
  - b) to keep the calendar of the Supervisory Board up-to-date;
  - c) to facilitate the provision of information to the Supervisory Board;
  - d) to ensure preparation of the official reports, minutes of meetings and written resolutions of the Supervisory Board, taking into account the observations formulated by the Supervisory Board members and collecting the signatures of the Supervisory Board members and ensuring distribution of the reports, minutes and written resolutions, with copies of the original minutes being kept at the Company's headquarters in Schiphol;
  - e) to organize Supervisory Board meetings in accordance with applicable laws and regulations; and
  - f) to implement programs, if any, approved by the Supervisory Board, for the introduction and ongoing education and training of Supervisory Board members.
- 5.3. Furthermore, the mission of the Executive Secretary includes acting as the administrative link between the Company and the Supervisory Board. In particular, the mission of the Executive Secretary is:
- a) to inform and assist the Supervisory Board on all legal matters relating to the functioning of the Supervisory Board and/or its members on which it or they requests assistance;
  - b) to prepare the legal and/or tax related files required by the Supervisory Board for the

administration of the Supervisory Board and/or its members with, if so requested by the Supervisory Board or considered appropriate by the Executive Secretary, assistance and counsel of outside lawyers;

- c) to report on administrative implementation of measures decided by the Supervisory Board and to transmit ST's official files emanating from such implementation to the Supervisory Board;
- d) to carry out the necessary formalities at the Company pursuant to Supervisory Board decisions;
- e) to assist the members of the Supervisory Board with all administrative and tax filings related to their remuneration; and
- f) to report on behalf of the members of the Supervisory Board the exercise of stock options or unvested share awards or trading in ST securities pursuant to article 12.4 below.

5.4. If the members of the Secretariat also undertake work for the Managing Board and note that the interests of the Managing Board and Supervisory Board diverge, as a result of which it is unclear which interests the member of members of the Secretariat should represent, the Secretary shall report this to the Chair of the Supervisory Board.

5.5 The members of the Secretariat are bound by the same duty of confidentiality as the members of the Supervisory Board.

5.6. The Secretariat is also responsible for providing all necessary secretarial support to the Committees of the Supervisory Board, in accordance with the requirements of the Chair of each such Committee, including, to the extent requested, dedicated Committee Secretary or Secretaries.

5.7. The Supervisory Board appoints and dismisses two financial experts ("Controllers"). In making such appointments, the Supervisory Board may consider proposals from shareholders. The mission of the Controllers is primarily to assist the Supervisory Board in evaluating the Company's operational and financial performance, business plan, strategic initiatives and the implementation of Supervisory Board decisions, as well as to review the operational reports provided under the responsibility of the Managing Board. The Controllers will, with the input of the Supervisory Board, review operational reporting and the follow-up on projects approved by the Supervisory Board on a monthly basis. The Controllers, will, if necessary, be assisted by technical, financial or commercial experts and by the Managing Board or the people designated by the Managing Board for this purpose. The Controllers generally meet once a month with the senior management of the Company and provide their report to the Supervisory Board. A copy of the report will be provided to the Managing Board, unless the Supervisory Board decides otherwise on a case by case basis. The Controllers will also submit a report to the Supervisory Board relating to any difference between the operations of the Company and the plans and budgets. A copy of the report will be provided to the Managing Board, unless the Supervisory Board decides otherwise.

- 5.8. If it appears necessary to supplement or clarify certain information for the members of the Supervisory Board, the Controllers, at the request of the Chair or the Vice-Chair of the Supervisory Board, will ask for additional information from the Company. The Controllers may organize meetings with the senior executives designated by the Managing Board for this purpose.
- 5.9. The members of the Supervisory Board can make formal requests to the Controllers, which will be communicated to the Chair or to the Vice-Chair. All of the members of the Supervisory Board will be informed of these requests.
- 5.10. The Controllers are bound by the same duty of confidentiality as the members of the Supervisory Board and the Secretariat.
- 5.11. The Controllers are invited to attend all meetings of the Supervisory Board and its Committees.

## **Article 6.**

### **Supervisory Board Committees.**

- 6.1. Without prejudice to article 2.1, the Supervisory Board has established dedicated Committees in order to assist the Supervisory Board in carrying out its duties in the following areas:
  - a) financial administration and accounting, internal risk management and control systems, internal and external auditors: the **Audit Committee**;
  - b) remuneration policy for the member(s) of the Managing Board and senior management of the Company, and any stock-based compensation plans, as approved by the General Meeting of Shareholders: the **Compensation Committee**;
  - c) procedures and proposals relating to the composition of the Supervisory and Managing Board and corporate governance: the **Nominating and Corporate Governance Committee**; and
  - d) strategy and related risks inherent to the Company's business: the **Strategic Committee**.
- 6.2. The charters setting forth the corporate governance principles and internal regulations of the Committees, including the duties and responsibilities of each of the Committees, are adopted by the Supervisory Board. The Supervisory Board Committee charters are attached as **Annexes B, C, D and E**.
- 6.3. The Supervisory Board may establish Ad Hoc Committee(s), having such authority as may be granted and/or delegated by the Supervisory Board from time to time. If an Ad Hoc Committee is established by the Supervisory Board, a charter setting forth the corporate governance principles and internal regulations of such Ad Hoc Committee, including its duties and responsibilities, may be adopted by the Supervisory Board.

- 6.4. The role of a Committee is to prepare decision-making of the Supervisory Board. The Supervisory Board remains responsible for its decisions even if they were prepared by a Committee or resolved by a Committee on behalf of the Supervisory Board.
- 6.5. Members of the Committees are appointed or, as the case may be, reappointed by the Supervisory Board annually from the members of the Supervisory Board. Members of a Committee shall in principle serve until their successors have been duly appointed. However, the Supervisory Board has the authority to remove or replace a member of a Committee at any time. The Supervisory Board appoints a Chair for each Committee.
- 6.6. The composition of the Committees, the number of Committee meetings and the main items discussed therein shall be recorded in the Supervisory Board's report.
- 6.7. Each of the Committees regularly reports its activities to the Supervisory Board. The minutes of Committee meetings shall be submitted to the Supervisory Board after adoption thereof by the Committee and each Chair of a Committee shall report orally in each Supervisory Board meeting on the main activities of the Committee following the last Supervisory Board meeting.
- 6.8. Unless in special circumstances the Chair of the relevant Committee decides otherwise, any member of the Supervisory Board may attend one or more meeting(s) of the Committees, even if he/she is not a member of such Committee(s), provided however that: (i) he/she informed the Chair of such Committee in due course; (ii) he/she will have no voting right in the Committee; and (iii) no attendance fee will accrue for any such attendance. Any member of the Supervisory Board has full and unrestricted access to all records of the Committees.

## **Article 7.**

### **Appointment, term and resignation.**

- 7.1. The members of the Supervisory Board shall be appointed and dismissed by the General Meeting of Shareholders upon a non-binding proposal of the Supervisory Board. Members of the Supervisory Board shall hold office for up to three years as described in the Company's Articles of Association and may thereafter be eligible for re-appointment. In connection with any proposed re-appointment, the manner in which the candidate fulfilled his/her duties as member of the Supervisory Board shall be taken into account.
- 7.2. The Supervisory Board prepares a rotation schedule for the retirement of its members by rotation. The rotation scheme includes the appointment dates and periods. For the avoidance of doubt: it does not include information on the intended succession of Supervisory Board members. The rotation schedule shall be posted on the Company's website.
- 7.3. Members of the Supervisory Board may be required to resign before the expiration of their term in the event of inadequate performance, structural incompatibility of interests and other instances where early resignation is deemed necessary at the discretion of the Supervisory Board.

## **Article 8.**

### **Remuneration.**

- 8.1. The Supervisory Board may submit proposals to the General Meeting of Shareholders concerning the remuneration of members of the Supervisory Board. The remuneration of Supervisory Board members may not be made dependent on the Company's results, should promote an adequate performance of their role and should reflect the time spent and responsibilities of their role.
- 8.2. The annual remuneration of the members of the Supervisory Board shall be comprised of:
  - a) an annual fee, which may vary in accordance with the role and responsibilities of the member, including chairing the Supervisory Board or Committees; and
  - b) an attendance fee per meeting of the Supervisory Board or Committee (except in the case described in article 6.8).
- 8.3. The annual fees and attendance fees are paid at the end of each fiscal year to each Supervisory Board member or his or her designee.
- 8.4. None of the members of the Supervisory Board may accept personal loans, guarantees or other facilities from the Company. The remuneration of the members of the Supervisory Board does not include any shares or rights to acquire shares of the Company.
- 8.5. Members of the Supervisory Board shall be reimbursed for all reasonable costs incurred in connection with their attendance at the meetings of the Supervisory Board and its Committees. Any other expenses may only be reimbursed, either in whole or in part, if incurred with the prior consent of the Chair. The Supervisory Board will inform the Managing Board of the reimbursements afterwards.
- 8.6. Remuneration of the Secretary, Vice Secretary and Controllers (and, as the case may be, of any other professionals who assist the Supervisory Board) will be determined by the Supervisory Board. The Supervisory Board will inform the Managing Board of its decision afterwards. The remuneration of the Executive Secretary is determined by the Managing Board.

## **Article 9.**

### **Introduction program, ongoing education and training, and evaluation.**

- 9.1. Once appointed, each member of the Supervisory Board shall follow an introduction program as shall be planned and prepared by the Supervisory Board and sponsored by the Company, addressing:
  - a) general financial, social and legal affairs (including governance and compliance);
  - b) financial reporting by the Company;

- c) specific aspects unique to the Company and its business activities;
  - d) the Company culture; and
  - e) duties and responsibilities of members of the Supervisory Board.
- 9.2. The Supervisory Board, with the support of the Secretariat, will provide its members with ongoing education and training. The education and training program will, among other things, provide members of the Supervisory Board with relevant updates on legislation and market practices in relevant fields such as financial affairs, risk management and controls, reporting requirements and corporate governance. The program is also open for members of the Managing Board and, unless the Supervisory Board decides otherwise, parts of the program may also be followed by members of the executive management to the extent relevant for them.
- 9.3. The Supervisory Board shall, on an annual basis, evaluate the functioning of the Managing Board and the Supervisory Board. This evaluation shall include:
- a) the functioning of the Managing Board and its members and the conclusions to be drawn on the basis thereof;
  - b) the functioning of the Supervisory Board, its Committees and its members and the conclusions to be drawn on the basis thereof;
  - c) the desired profile and the composition and competence of the Supervisory Board; and
  - d) the introduction and ongoing education and training programs.
- 9.4. The evaluation referred to in article 9.3 shall be performed under the responsibility of the Chair of the Supervisory Board. The evaluation may be performed on the basis of written questionnaires to be completed by the members of the Managing Board and/or Supervisory Board and interviews with members of the Managing Board and/or Supervisory Board, followed by a discussion of the results and the conclusions to be drawn on the basis thereof in a meeting of the Supervisory Board, without members of the Managing Board being present. The Vice-Chair shall act as the contact person for individual members of the Supervisory Board and the Managing Board concerning the evaluation of the functioning of the Chair of the Supervisory Board.
- 9.5. The Supervisory Board shall once every three years engage an independent external expert on board evaluations for the evaluation referred to in article 9.3. The independent external expert shall assist the Supervisory Board with the evaluation referred to in article 9.3 through, among other things, conducting interviews with members of the Supervisory Board and Managing Board, facilitating the discussions within the Supervisory Board on the functioning of the boards, its committees and its members, including an evaluation of the involvement of each member, the culture within the Supervisory Board and the relationship between the Supervisory Board and the Managing Board.

- 9.6 The report of the Supervisory Board will include a description of how the evaluations referred to in article 9.3a) and 9.3 b) has been carried out and what has been or will be done with the conclusions.

## **Article 10.**

### **Supervisory Board meetings (agenda, teleconferencing, attendance, minutes).**

- 10.1. The Supervisory Board shall hold at least five meetings per year.
- 10.2. Supervisory Board meetings shall be convened in accordance with article 22.4 of the Company's Articles of Association, provided that the Chair of the Supervisory Board shall also convene a meeting upon the request of two of its members.
- 10.3. The agendas of Supervisory Board meetings are prepared by the Chair of the Supervisory Board. Each member of the Supervisory Board and the Managing Board may request the Chair of the Supervisory Board to put items on the agenda. The draft agenda will be shared with the Managing Board for consultation, unless the Chair of the Supervisory Board decides otherwise on a case by case basis.
- 10.4. A notice convening a meeting, the agenda and the meeting documents shall be dispatched at least seven (7) days before each such meeting and sent to members of the Supervisory Board and the Managing Board, unless (i) the Chair of the Supervisory Board determines that a shorter period for the notice, agenda and/or meeting documents is reasonably required in view of the circumstances at hand or (ii) all Supervisory Board members consent to a shorter period.
- 10.5. Supervisory Board meetings are generally held in locations where the Company is present as specified in the Chair's convocation, but may also take place elsewhere. As a rule of preference, meetings of the Supervisory Board are held as a physical meeting. Alternatively meetings may, in descending order of preference and at the Chair's discretion, be held by i) videoconference. ii) telephone or iii) other electronic means of communication, provided that all participants can hear each other simultaneously.
- 10.6. The Supervisory Board may pass resolutions in writing without holding a meeting provided that the proposals for such resolutions have been communicated in writing to all Supervisory Board members and no member is opposed to this method of passing a resolution.
- 10.7. Members of the Supervisory Board who are frequently absent during meetings of the Supervisory Board shall be asked by the Chair to explain their absence. Frequent absences shall be reported in the annual report of the Supervisory Board.
- 10.8. Unless the Chair of the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by the Managing Board and such other members of the senior management as agreed by the Chair and the Vice-Chair with the Managing Board, notwithstanding the authority of the Supervisory Board to invite persons for its meetings. The Supervisory Board may have private meetings without any members of the Managing Board and other members of senior management being present. In addition, no member of

the Managing Board or other members of senior management shall be present during any meetings or portions of meetings concerning:

- a) the evaluation as mentioned in article 9.3;
- b) the remuneration of the Managing Board;
- c) (potential) conflicts of interests of the Managing Board within the meaning of article 13.

10.9. The external auditor may - either or not at its request - be invited for meetings of the Supervisory Board and shall in any event attend the meeting at which the report of the external auditor with respect to the audit of the financial statements is discussed, and at which the audited financial statements are to be approved or adopted. The external auditor shall receive the financial information underlying the adoption of the quarterly and/or half-yearly figures and other interim financial reports and shall be given the opportunity to respond to all information. The Supervisory Board shall be permitted to examine the most important points of discussion between the external auditor and the Managing Board based on the draft management letter or the draft audit report.

10.10. Minutes of meetings of the Supervisory Board shall be prepared by a member of the Secretariat as determined by the Chair. The draft minutes shall be circulated to the Chair and Vice-Chair of the Supervisory Board for their review within seven (7) days following the meeting. Subsequently the draft minutes (unless they relate to a private meeting of the Supervisory Board) will be sent to the Managing Board within ten (10) days following the meeting in order to give the Managing Board the opportunity to comment on the draft minutes, in particular with regard to the parts relating to their participation in the meeting. The draft minutes will be circulated to all members of the Supervisory Board within fourteen (14) day following the meeting. The members of the Supervisory Board shall provide their comments within seven (7) days. The minutes shall preferably be adopted within fourteen (14) days thereafter, but ultimately in the next meeting. When approved, the minutes of the meetings of the Supervisory Board shall be signed by the Chair and Vice-Chair. As a general principle quotes of persons will only be included in the minutes if the relevant quote has been approved by this person. Any two members of the Secretariat may jointly issue and sign extracts of the minutes already adopted. A certificate signed by two members of the Supervisory Board to the effect that the Supervisory Board has passed a particular resolution shall also constitute evidence of such a resolution in dealings with third parties.

## **Article 11.**

### **Supervisory Board resolutions (quorum, votes, items to be considered).**

11.1. The Supervisory Board may pass valid resolutions in accordance with article 22.1 of the Company's Articles of Association.

11.2. The adoption of any written resolutions outside a meeting, as permitted by article 22.1 of the Articles of Association, must be reported at the next meeting.



## **Article 12.**

### **Ethics, integrity and confidentiality**

- 12.1. Each Supervisory Board member is required, without exception, when acting in his or her capacity as a member of the Supervisory Board and or its Committee(s) to:
- a) behave honestly and ethically by ensuring that business policies and practices are aligned with good ethical principles in dealing with employees, third parties and government or administration officials;
  - b) act in accordance with all applicable national and international laws, rules and regulations in each jurisdiction in which ST does business, including (without limitations) insider trading laws, anti-bribery and corruption laws, antitrust and fair competition laws and money-laundering laws;
  - c) ensure proper use, protection and conservation of ST's assets and resources, including business, technical, financial and trade data, personal information, in ST's best interests and not for his/her personal benefit;
  - d) maintain the confidentiality of protected or sensitive information (all non-public information that might be of use to competitors, or harmful to ST or its customers, if disclosed) acquired in the course of their duties, unless disclosure is legally required, and not use such information for unethical or illegal advantage, either personally or through third parties; and
  - e) report any known or suspected breach of the policies and/or violation of the ethical principles covered by this article.
- 12.2. Supervisory Board members owe a duty to ST to advance its legitimate interests to the best of their abilities. Each Supervisory Board member is prohibited from:
- a) taking for themselves, opportunities that are properly within the scope of ST's activities;
  - b) using corporate property, information or position for personal gain; and
  - c) competing with ST.
- 12.3. Each Supervisory Board member must provide all information enabling full, fair, timely and understandable disclosure in documents that ST must file with, or submit to, the Securities and Exchange Commission ("SEC") in the United States, and in other public communications made by ST.
- 12.4. In particular, each Supervisory Board member is required to report any transaction or trading concerning ST securities (including any options or share awards, as applicable) immediately after such transaction or trading to the Executive Secretary of the Supervisory Board, who will, in compliance with applicable regulations, report that information on behalf of the

relevant Supervisory Board member to the Dutch Authority for the Financial Markets ("*Autoriteit Financiële Markten*"), as well as, to the extent applicable, to the *Autorité des Marchés Financiers* in France and the *Consob* in Italy, as well as, to the extent applicable, to the SEC in the United States. The Executive Secretary will take care of publishing any information concerning Supervisory Board members' transactions and holdings of shares, convertible bonds or options as required in ST's annual filings with the SEC and, to the extent legally required, with the French *Autorité des Marchés Financiers* and the *Consob* in Italy. Supervisory Board members do not speculate in ST securities.

- 12.5. Members of the Supervisory Board, the Secretariat and the Controllers, as well as the member's spouse, children or other persons living in the same household of any of the above-mentioned persons and any trust, corporation or other association controlled by any of them are considered "Insiders". Purchases and sales of ST securities by Insiders are subject to certain blackout periods, under which an Insider shall not buy or sell ST securities during the blackout periods, as determined by the Company in accordance with its Insider Trading rules and procedures. In any event no Insider should ever purchase or sell ST securities when in possession of material non-public information.

## **Article 13.**

### **Directorships and Conflicts of interest**

- 13.1. The Company shall not enter into a transaction in relation to which a Supervisory Board member has a conflict of interest (as defined in article 13.2 below) with the Company, unless the transaction has been disclosed to the Supervisory Board and the Supervisory Board has given any required approval. A Supervisory Board member shall not participate in the discussions and/or decision-making process on a subject or transaction in relation to which he/she has a conflict of interest with the Company within the meaning of article 13.2. Any such transaction must be concluded on arm's-length terms as is customary in the sector concerned. The Chair of the Supervisory Board shall procure that transactions in respect of which Supervisory Board members have a conflict of interest will be disclosed in the Company's annual report with reference to the conflict of interest and a declaration that articles 13.1, 13.2 and 13.3 of this Charter were complied with. The existence of a potential conflict of interest is made with respect to a particular transaction, while the determination of a member's independence pursuant to article 3.4(c) and Annex A is made with respect to all relationships over time.
- 13.2. A member of the Supervisory Board shall in any event be deemed to have a conflict of interest of significant interest to the Company and/or the relevant member of the Supervisory Board ("conflict of interest") with the Company if:
- a) under applicable law, including the rules of any of the stock exchanges on which the Company's securities are listed, such conflict of interest exists or is deemed to exist;  
or
  - b) the Supervisory Board has ruled that such conflict of interest exists or is deemed to

exist, which may among others be the case if the relevant member of the Supervisory Board i) is a member of the managing board of, or holds similar office with, or is a 10% shareholder of, a company or such company's subsidiary, with which the Company intends to enter into a transaction [in the normal course of business and on an arm's length basis which represents the greater of \$1 million or 1% of either party's net sales or any transaction not in the ordinary course of business, whatever the amount] or ii) is a member of the supervisory board or director of the board of a company, which is either a competitor or client of the Company.

- 13.3. Each Supervisory Board member (other than the Chair of the Supervisory Board) shall immediately report any (potential) conflict of interest concerning a Supervisory Board member to the Chair of the Supervisory Board. The Supervisory Board member with such (potential) conflict of interest must provide the Chair of the Supervisory Board with all information relevant to the conflict of interest, including information relating to his/her immediate family members. In all circumstances other than the ones listed in article 13.2 under b) and c), the Chair of the Supervisory Board will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest to which article 13.1 applies.

In case the Chair of the Supervisory Board has a (potential) conflict of interest, the Chair shall immediately report such (potential) conflict of interest to the Vice-Chair of the Supervisory Board. The Chair of the Supervisory Board must provide the Vice-Chair of the Supervisory Board with all information relevant to the conflict of interest, including information relating to his/her immediate family members. In all circumstances other than the ones listed in article 13.2 under b) and c), the Supervisory Board will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest to which article 13.1 applies.

- 13.4. The first sentence of article 13.1 and article 13.2 apply *mutatis mutandis* to the Managing Board.

The Managing Board shall immediately report any (potential) conflict of interest concerning the Managing Board member(s) and his/her family members to the Chair and Vice-Chair of the Supervisory Board. The Managing Board member(s) with such (potential) conflict of interest must provide the Chair and the Vice-Chair of the Supervisory Board with all information relevant to the (potential) conflict of interest, including information relating to his/her immediate family members. In all circumstances other than the ones listed in article 13.2 under b) and c), the Chair and Vice-Chair of the Supervisory Board will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest in which case the transaction must be approved by the Supervisory Board.

- 13.5. The external auditor shall in any event have a conflict of interest with the Company, if:
- a) the independence of the external auditor with respect to its auditing of financial reporting is compromised (as described further in the Audit Committee Charter);
  - b) under applicable law, including the rules of any of the stock exchanges on which the Company's securities are listed, such conflict of interest exists or is deemed to exist;

and

- c) the Supervisory Board in its sole discretion has ruled that such conflict of interest exists or is deemed to exist.

The external auditor of the Company, as well as each member of the Managing and Supervisory Boards shall immediately report any potential conflict of interest concerning the external auditor to the Chair of the Supervisory Board and the Chair of the Audit Committee. The external auditor of the Company, as well as each member of the Managing and Supervisory Boards, must provide all information relevant to the conflict of interest to the Chair of the Supervisory Board and the Chair of the Audit Committee. In all circumstances other than the ones listed under b) and c) above, the Supervisory Board will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest pursuant to which the appointment of the external auditor will have to be reconsidered or whether other measures must be taken to resolve such conflict of interest, as may be decided by the Audit Committee.

#### **Article 14.**

##### **Information, relationship with the Managing Board.**

- 14.1. The Supervisory Board and its individual members have their own responsibility for obtaining all information from the Managing Board and the external auditor that the Supervisory Board requires for the due performance of its duties. If the Supervisory Board deems necessary, it may obtain information from officers and external advisors of the Company. The Managing Board shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisors attend its meetings.
- 14.2. The Managing Board shall timely provide the Supervisory Board with information on all facts and developments concerning the Company that the Supervisory Board may need to properly carry out its duties in its discretion.
- 14.3. The Managing Board shall provide a monthly report to the Supervisory Board concerning the Company's performances, finances, and other important matters, together with the Managing Board's comments in relation thereto.
- 14.4. The Managing Board shall inform the Supervisory Board of its findings and observations relating to the effectiveness and operation of the Company's code of conduct.
- 14.4. The Managing Board shall inform the Chair of the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its enterprise.
- 14.5. The Managing Board shall engage the Supervisory Board early on in formulating the strategy for realizing long-term value creation. The Managing Board shall furthermore ensure that the Supervisory Board is involved closely, and at an early stage, in any merger or takeover process or other substantial changes in structure of the organization of the Company,

- 14.6 Each year, without prejudice to the above, the Managing Board shall provide the Supervisory Board, for its approval, with a budget for the following year, an up-to-date version of its long-term plans, the key directions of the Company's strategy, the general and financial risks and the management and control systems of the Company.
- 14.7 If a member of the Supervisory Board should receive any information relevant to the Supervisory Board in the proper performance of its supervisory and advisory tasks (from a source other than the Managing or Supervisory Board), such member shall make this information available to the Chair of the Supervisory Board as soon as possible. The Chair of the Supervisory Board shall subsequently inform the entire Supervisory Board.

## **Article 15.**

### **Relationship with the shareholders.**

- 15.1 In accordance with the Company's Articles of Association, General Meetings of Shareholders may be convened at the request of the Supervisory Board, the Managing Board or upon the written request of one or more shareholders jointly representing at least one-tenth of the issued share capital. The Supervisory Board shall ensure that the General Meetings of Shareholders are held in due time and that the shareholders receive all information required by law and the Articles of Association. A copy of such information will be made available for consultation or download on the website of the Company.
- 15.2 The members of the Supervisory Board and Managing Board and any persons nominated for appointment as member of the Supervisory Board and Managing Board shall attend the General Meetings of Shareholders, unless they are prevented from attending on serious grounds.
- 15.3 The Supervisory Board shall provide the General Meeting of Shareholders with information it may require concerning any item on the agenda of such meeting, unless important interests of the Company or any laws, rules or regulations applicable to the Company would prevent it from doing so. The Supervisory Board shall specify the reasons for invoking such important interests.
- 15.4 Shareholders having a participating interest in ST of at least 1% of ST's issued share capital (or representing a market value of at least €50,000,000) shall have the right to add agenda items for a General Meeting of Shareholders if such proposal is made in writing no less than sixty days before that meeting unless adding such item would be contrary to ST's best interests.
- 15.5 The Supervisory Board and the Managing Board are responsible for the corporate governance structure of the Company and must give account to the General Meeting of Shareholders in relation to such structure.

Each significant change in the Company's corporate governance structure and the compliance of the Dutch Corporate Governance Code shall be addressed in a separate item on the agenda for consideration by the General Meeting of Shareholders. Notwithstanding the "comply or explain" obligation regarding the Dutch Corporate Code, it must be taken into

account that the Company's common shares are listed in different countries with different applicable rules and regulations.

## **Article 16.**

### **Option Agreement for Issuance of Preference Shares**

- 16.1 On May 31, 1999, the General Meeting of Shareholders approved the creation of preference shares that entitle a holder to full voting rights at any meeting of shareholders and to a preferential right to dividends and distributions. On the same day, the Company entered into an option agreement with one of its shareholders, STMicroelectronics Holding II B.V., as a protective mechanism against hostile takeovers or similar actions that are determined to be contrary to the interests of the Company and its shareholders.
- 16.2 On November 27, 2006, the Supervisory Board decided to replace the May 31, 1999 option agreement with an option agreement to be entered into with an independent foundation, Stichting Continuïteit ST (the "Stichting"), which agreement was extended for a 10-year period on 25 October 2016.
- 16.3 The preference shares would be issued by the Company to the Stichting, upon its request and in its sole discretion. They would be issuable in the event of actions such as an unsolicited offer or acquisition which is unsupported by the Company's Managing, and Supervisory Boards and which the Stichting determines would be contrary to the interests of the Company and the Company's shareholders and other stakeholders.
- 16.4 If the Stichting exercises its call options and acquires preference shares, it must pay at least 25% of the par value of such preference shares.
- 16.5 The Stichting is a foundation independent from the Managing and Supervisory Boards of the Company and the Company's shareholders and other stakeholders. The board of the Stichting consists of three board members.
- 16.6 If the Stichting has exercised the option in a hostile situation as referred to under article 17.3, it is obliged to dispose of the preference shares within two years. The disposal is typically effected by the Stichting requesting the Company to proceed with the cancellation of the preference shares issued to it against repayment of the amounts paid up on the preference shares. Under the Company's articles of association, the General Meeting of Shareholders must adopt a resolution to cancel the preference shares upon a proposal made to this effect by the Supervisory Board.

## **Article 17.**

### **Amendment**

- 17.1. Without prejudice to the provisions of Dutch law and the Company's Articles of Association and the provisions of article 15.5, this Charter may be amended from time to time, as deemed appropriate by the Supervisory Board.

## ANNEX A

### INDEPENDENCE CRITERIA

The Supervisory Board considered the criteria for independence as proposed by the New York Stock Exchange and the Dutch Corporate Governance Code. The Supervisory Board also considered ST's unique history as a European company incorporated in the Netherlands following the combination of the Italian and French semiconductor businesses and its current shareholding structure with a significant number of our shares indirectly held by French and Italian state-controlled companies. The Supervisory Board also considered the valuable experience and knowledge of its members with respect to ST's history and its industry.

Based on all these factors, the Supervisory Board resolves to establish the following independence criteria for its members:

Supervisory Board members must have no material relationship with ST, or any of its consolidated subsidiaries, or its management. A "material relationship" can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others, but does not include a relationship with direct or indirect shareholders.

The following persons would not be considered independent in any case:

- A member of the Supervisory Board who is an employee of ST, or has been an employee of ST within the past three years, or whose immediate family member is an executive officer of ST, or has been an executive officer of ST within the past three years;
- A member of the Supervisory Board who receives, or whose immediate family member receives, more than \$120,000 per year (in)direct compensation from ST, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), until three years after that person ceases to receive more than \$120,000 per year in such compensation
  - Compensation received by a member of the Supervisory Board for former service as an interim Chairman, CEO, or other executive officer would not impair independence
  - Compensation received by an immediate family member for service as a non-executive officer, employee of ST does not impair independence provided it does not exceed \$120,000
- A member of the Supervisory Board, or a member whose immediate family member, is a current partner of a firm that is ST's internal or external auditor
- A member of the Supervisory Board who is a current employee of a firm that is ST's internal or external auditor
- A member of the Supervisory Board with an immediate family member who is a current employee of a firm that is ST's internal or external auditor and who participates in the ST's audit, assurance or tax compliance (but not tax planning) practice
- A member of the Supervisory Board, or a member with an immediate family member, who, within the last three years (but is no longer) a partner or employee of a firm that is ST's internal or external auditor and who personally worked on ST's audit within that time

- A member of the Supervisory Board who is employed, or whose immediate family member is employed, or has been within the past three years, as an executive officer of another company where any of ST's present executives serve on that company's compensation committee
- A member of the Supervisory Board who is a current employee, or an immediate family member who is a current executive officer, of a company that has made payments to, or received payments from, ST for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues
  - Both the payments and the consolidated gross revenues to be measured are those reported in the last completed fiscal year
  - The three-year look-back provision applies solely to the financial relationship between ST and the member of the Supervisory Board or immediate family member's current employer; a company need not consider former employment of the member of the Supervisory Board or immediate family member outside ST
  - Tax-exempt organizations are not considered "companies" for purposes of applying the three-year look-back, provided, however, that ST discloses any contributions made by ST to any tax-exempt organization in which a member of the Supervisory Board serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$1 million or 2% of such tax-exempt organization's consolidated gross revenues.

An 'immediate family member' of a Supervisory Board member includes his/her spouse, children or any other persons living in the same household of such Supervisory Board member.



STMICROELECTRONICS N.V.

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**AUDIT COMMITTEE CHARTER**

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**ANNEX B**

This Audit Committee Charter sets forth the corporate governance principles and internal regulations of the Audit Committee of the Supervisory Board of STMicroelectronics N.V. (“ST” or the “Company”).

## 1. PURPOSE

The Audit Committee shall assist the Supervisory Board in fulfilling its oversight responsibilities relating to corporate accounting and reporting practices of the Company, and the quality and integrity of the financial reports of the Company. Without prejudice to article 4, the Audit Committee’s primary duties and responsibilities are to assist the Supervisory Board’s oversight of:

- the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, work of internal and external auditors, etc.) and the integrity of the Company’s financial statements;
- relations with the external auditor, including, in particular, his independence, qualifications, performance, remuneration and any non-audit services for the Company;
- the design and operation of the internal risk management and control systems, including supervision of the compliance with laws and regulations, and supervising the operation of codes of conduct;
- the role and functioning of the internal audit function;
- the performance of the Company’s internal audit processes;
- special investigations, i.e. fraud, which may put in doubt the integrity of the Company’s financial disclosures;
- the financing of the Company;
- the Company’s compliance with recommendations and observations of internal and external auditors;
- the policy of the Company on tax planning; and
- the applications of information and communication technology, including risks in relation to cybercrime.

## 2. COMPOSITION

1. Members. The Audit Committee shall be comprised of three or more members of the Supervisory Board, as determined by the Supervisory Board.

2. Qualifications. All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices and shall thus be “financially literate”. At least one of the members of the Supervisory Board must have relevant expertise in financial administration and accounting for listed companies or other large companies so as to qualify as an “audit committee financial expert” as such term is defined by Dutch law and the U.S. Securities and Exchange Commission (the “SEC”) under the NYSE listing standards. Each of the members of the Audit Committee must be independent according to the Independence Criteria defined by the Supervisory Board and attached to the Supervisory Board Charter as Annex A. The majority of the members of the Audit Committee,

including the Chair, shall meet the independence requirements for members of the Audit Committee pursuant to Dutch law.

Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The Audit Committee may also retain one or more financial, legal or other experts to assist the Audit Committee, in its sole discretion with no obligation to first obtain Supervisory Board or Managing Board approval. Audit Committee members may not serve simultaneously on the Audit Committees of more than two other public companies without prior express approval from the Supervisory Board.

3. Chair. The Chair shall be primarily responsible for the proper functioning of the Audit Committee. He/she shall act as the spokesperson of the Audit Committee and shall be the main contact with the Supervisory Board.

### **3. MEETINGS**

1. Meetings. The Audit Committee shall meet at least five times annually, or more frequently as circumstances dictate. The Audit Committee may invite other persons to attend its meetings. The internal and external auditor shall attend the meetings of the Audit Committee, unless the Audit Committee decides otherwise. The internal auditors and external auditors are invited to make presentations to the Audit Committee as appropriate. The Controllers as defined in the Charter of the Supervisory Board are invited to attend the Audit Committee meetings. Meetings of the Audit Committee are generally, in whole or in part, also attended by the CEO, CFO, Head of Financial Control, General Counsel, Chief Compliance Officer and the Chief Audit and Risk Executive. The Audit Committee may also meet separately, periodically or not, with the aforementioned persons, or other members of senior management to discuss any matters that the Audit Committee or each of these persons believes should be discussed.

2. Agenda. The Chair of the Audit Committee shall prepare the Committee's agenda. Each member of the Audit Committee may request the Chair of the Audit Committee to put items on the agenda.

3. Convocation. Audit Committee meetings shall be convened by the Chair of the Audit Committee. Two or more members of the Audit Committee may request the Chair of the Audit Committee to convene a meeting. A notice convening a meeting, the agenda and the meeting documents shall be dispatched at least seven (7) days before each such meeting and sent to members of the Audit Committee, unless (i) the Chair of the Audit Committee determines that a shorter period for the notice, agenda and/or meeting documents is reasonably required in view of the circumstances at hand or (ii) all Audit Committee members consent to a shorter period.

4. Minutes. Minutes of the meeting shall be prepared by the Audit Committee Secretary. These minutes shall generally be adopted at the next meeting of the Audit Committee. If all members of the Committee agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chair.

5. Access to consultants and advisers. The Audit Committee has the power to retain and terminate outside specialists to assist it in its mission if deemed necessary. The Audit Committee will inform the Managing Board in advance if it retains or terminates outside specialists, unless the Audit Committee decides otherwise. The Audit Committee will furthermore inform the Chair of the Supervisory Board in advance if it retains or terminates outside specialists, unless the assignment directly relates to the functioning of the Chair of the Supervisory Board.

6. Report to Supervisory Board. The Chair shall report to the Supervisory Board meeting following the Audit Committee meeting and shall submit to the Supervisory Board the minutes of Committee meetings. The report of the Audit Committee to the Supervisory Board must, at least, include the following information:

- the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
- the methods used to assess the effectiveness of the internal and external audit processes;
- material considerations regarding financial reporting; and
- the way material risks and uncertainties within the framework of the in control statement have been analyzed and discussed, along with a description of the most important findings of the Audit Committee.

The Audit Committee shall furthermore inform the Supervisory Board on the outcome of the statutory external audit of the annual statements and explain how such audit contributed to the integrity of the financial reporting and what the role of the Audit Committee was in that process. The Audit Committee shall also report annually to the Supervisory Board on the functioning of and relationship with the external auditor.

7. Assessment of Charter. The Audit Committee shall assess the adequacy of this Charter periodically and recommend any changes to the Supervisory Board.

#### **4. AUTHORITY AND DUTIES**

1. The Supervisory Board hereby authorizes the Audit Committee, within the scope of its responsibilities, to:

- Seek any information it requires from: senior management, the internal auditors and all other relevant employees of the Company (and all such employees are directed to cooperate with any request made by the Audit Committee) or external parties;
- Obtain outside legal, accounting or other professional advice;
- Meet with Company executives as appropriate; and
- Appoint an Audit Committee Secretary who will report directly to the Chair of the Audit Committee in the exercise of this function.

2. In discharging its oversight role, the Audit Committee is empowered to investigate any matter relating to the Company's accounting, auditing, internal control or financial reporting practices, with full access to all Company books, records, facilities and personnel. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of:

- a. compensation to the independent auditor for the purpose of preparing or issuing an

- audit report or performing other audit, review or attest services for the Company;
- b. compensation to any advisors retained by the Audit Committee; and
- c. ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

3. The main duties of the Audit Committee are listed below. The below list of duties is not intended to be exhaustive, and the Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties, its oversight function and the preparation of any decision making by the Supervisory Board in this respect. The Audit Committee has the power to delegate its authority and duties to subcommittees or to individual members, as it deems appropriate in accordance with the delegations given by the Supervisory Board, applicable laws and regulations.

#### Review Annual and Interim Financial Statements

4. Meet with the external auditors prior to the audit for each year to review the scope, planning and staffing of the proposed audit for such year, including materiality of the audit plan, and the principal risks of the annual reporting identified in the plan. At least once a year discuss with the independent auditor the findings and outcomes of the audit work on the financial statements. Monitor the statutory external audit of the annual statements.

5. Supervise the activities of the Managing Board with respect to the provision of financial information by the Company (e.g. choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts, work of internal and external auditors).

6. Review with the Managing Board earnings press releases in relation to subjects that are subject to the approval of the Supervisory Board before they are issued and make recommendations to the Supervisory Board regarding the approval of such press releases.

7. Review with senior management the Company's practices with respect to earnings press releases, as well as the nature of financial information and earnings guidance provided to analysts and rating agencies.

8. Review with the Managing Board and the external auditors and pre-approve the Company's draft annual financial statements prior to approval by the Supervisory Board or publication and adoption by the shareholders and filing with the Dutch Trade Register and the Authority for the Financial Markets ("*Autoriteit Financiële Markten*"), including a discussion with the external auditors of the matters required to be discussed as per Statement of Auditing Standards No. 114, as amended ("*SAS No. 114*") and International Standards on Auditing No. 260 and a discussion of the Company's proposed disclosures under "Operating and Financial Review and Prospects". Discuss with the external auditor the additional report issued by the external auditor to the Audit Committee pursuant to European Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities.

9. Review with the Managing Board, senior management and the external auditors the Company's quarterly financial results prior to filing or publication, including a discussion with the external auditors of the matters required to be discussed by SAS No. 61 and a discussion of the Company's proposed disclosures under "Operating and Financial Review and Prospects", and make recommendations to the Supervisory Board regarding the approval of such financial results.

10. Review with the Managing Board and senior management the Company's Annual Report on Form 20-F and make recommendations to the Supervisory Board regarding the approval of such form.

11. Review with the Managing Board and senior management and, by delegation from the Supervisory Board approve quarterly reports of financial results on Form 6-K prior to filing with the SEC.

12. Review with the Managing Board, senior management and the external auditors the effectiveness of the Company's disclosure controls and procedures.

#### External auditors

13. Establish the procedure for the selection of the independent auditor, prepare the selection process of the independent auditor, issue a recommendation to the Supervisory Board on the independent auditor to be employed by the Company to audit its financial statements, to be ratified by the Supervisory Board and proposed to the shareholders for appointment, and making a proposal to the Supervisory Board regarding the engagement of the external auditor to audit the financial statements, giving due consideration to the Managing Board's observations in the performance of these tasks, all in accordance with European Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities. Assume responsibility (in accordance with Dutch law) for the retention, evaluation, compensation, oversight and termination of any independent auditor employed by the Company (including resolution of disagreements between senior management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Audit Committee, subject to the annual shareholders meeting's right to appoint or revoke the appointment of the independent auditor pursuant to Dutch law and the Company's articles of association.

14. At least once every four years, prepare for the Supervisory Board a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the general meeting for the purposes of assessing the nomination for the appointment of the external auditor.

15. Monitor that mandatory periodic audit firm rotation requirements are observed.

16. Monitor the independence of the independent auditor and audit firm in accordance with Dutch law, discuss with statutory auditor any threats the statutory auditor sees in connection with its independence and the safeguards applied by the statutory auditor to mitigate those threats. Monitor

that the independent auditor does not provide non-audit services, unless as permitted under any applicable law and following approval by the Audit Committee and if the Audit Committee so decides subject to guidelines issued by the Audit Committee. The Audit Committee shall review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed for the Company by the independent auditor. Obtain annual report on the services provided and fees paid by the Company and its consolidated subsidiaries to the independent audit firm, as required to be disclosed by the Company in its annual report on Form 20 F.

17. Obtain and review with the lead audit partner and a more senior representative of the external auditors, annually or more frequently as the Audit Committee considers necessary, a report by the independent auditor describing (i) the audit firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (iii) to assess the audit firm's independence, all relationships between the independent auditor and the Company. The Audit Committee shall, in addition to assuring the regular rotation of the lead and concurring audit partners, consider whether there should be more regular rotation of the audit firm or other members of the team of external auditors.

18. Review the experience and qualifications of the senior members of the independent auditor team and the audit firm.

19. Review with the independent auditor: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements including as and how such policies and practices may apply with respect to the consolidation of acquired businesses/entities and/or the reporting of Company equity investments pursuant to agreements entered into by the Company; (b) all alternative treatments of financial information within applicable generally accepted accounting principles that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) policies with respect to tax matters that may have a material impact on the financial statements; (d) other material written communications between the independent auditor and senior management, such as any management letter or schedule of unadjusted differences (including letters "proposed" to be issued by the audit firm to the Company); (e) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); (f) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; (g) any audit problems or difficulties with senior management's response, and whether the independent auditor has been the subject of any attempts to improperly influence its audit function; and (h) the responsibilities, budget and staffing of the Company's internal audit function.

20. Inquire whether the independent auditor has discovered any illegal activity during the course of the audit.

21. Approve the Company's policy relating to the hiring of any person who served as an employee or former employee of the independent auditor during the 23 months preceding the date of hire. Approval for hiring of senior financial officers may not be granted until after a minimum cooling-off period of 12 months has passed.

22. Supervise the activities of the Managing Board with respect to compliance with recommendations and observations of external and internal auditors.

#### Internal Audit

23. Review and approve the Internal Audit Charter and approve the objectives for the Internal Audit organization on a regular basis.

24. Ensure Internal Audit organization, staffing, budget, independence and performance are in line with its objectives.

25. Review and prepare the decision-making of the Supervisory Board on the annual approval of the Internal Audit Plan submitted by the head of Internal Audit (the "Chief Audit and Risk Executive").

26. Supervise the activities of the Managing Board with respect to the role and functioning of the internal audit function;

27. Being informed by the internal audit function via among others its internal audit reports issued to the Audit Committee, review and discuss with senior management and the Chief Audit and Risk Executive the main findings and recommendations identified by the Internal Audit organization, including but not limited to: internal control deficiencies and/or weaknesses, exposures to significant risks and follow up of remediation plans.

28. Ensure the Internal Audit organization's free access to company personnel and resolve potential disagreements between the company's senior management and the Internal Audit organization.

29. Ensure that the Chief Audit and Risk Executive has direct access to the Audit Committee and maintain an open two-ways communication line with the Chief Audit and Risk Executive including by meeting separately to discuss any matter that the Audit Committee or the Chief Audit and Risk Executive believe should be discussed.

30. Prepare the decision-making of the Supervisory Board on its approval of the appointment, replacement, reassignment and dismissal of the Chief Audit and Risk Executive. Approve the remuneration including bonus and stock grants of the Chief Audit and Risk Executive.

#### Enterprise Risk Management & internal control

31. Discuss on an annual basis the Company's risk culture, risk appetite and the result of the evaluation by the Managing Board of the operation and effectiveness of the internal risk



management and control systems, including the Enterprise Risk Management process as well as any significant changes thereto.

32. Discuss, at least once a year, with senior management the priority risk map or an update thereof.

33. Discuss, at least once a year, with senior management about the status of priority risks and related mitigating action plans.

34. Review with senior management periodically the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. Such review shall also take into consideration enhanced perimeter following acquisitions made or significant joint ventures entered into by the Company.

35. Discuss with senior management the financing of the Company.

36. Discuss with senior management the applications of information and communication technology.

37. Request from senior management any additional information or analysis deemed necessary with respect to risks or risk management activities.

#### Financial Reporting Process

38. In conjunction with senior management, the external auditors and the internal auditors, review the quality, adequacy and effectiveness of, and compliance with, the Company's internal control and risk management systems and internal audit relating to financial reporting including as regards the consolidation of acquired businesses/entities and the reporting of Company equity investments pursuant to agreements entered into by the Company. Review senior management's report on internal controls over financial reporting and the independent auditor's attestation on such report. Review any material changes to such internal controls over financial reporting. Review any significant deficiencies or material weaknesses in internal controls.

39. Monitoring the financial reporting process and submit recommendations or proposals to safeguard the integrity of such process.

40. Consider and advise, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors, senior management, or the internal auditing department.

#### Legal, Compliance and Tax

40. Supervising the activities of the Managing Board with respect to the supervision of the compliance with laws and regulations.

41. Review and discuss with the CEO, the CFO and each of the Company's General Counsel and Chief Compliance Officer, the compliance with laws and regulations and conduct policies of the Company

and the procedures in this respect, any legal and compliance matters that could have a significant impact on the Company's financial statements or disclosure controls or procedures, and the relation and communication of the Company with regulatory authorities.

42. Review with the Chief Compliance Officer the Compliance and Ethics program established by the Company.

43. Supervise the activities of the Managing Board with respect to the policy of the company on tax planning.

#### Conduct and whistleblowing procedures

44. Monitoring that the Managing Board established and maintains adequate procedures for the confidential submission and receipt, recording and treatment of alleged or suspected misconduct, including but not limited to irregularities related to accounting, internal accounting controls, auditing matters or potential violations of law; reviewing such whistleblowing and misconduct procedures; advising the Supervisory Board on the approval of such procedures; and performing its tasks pursuant to these procedures regarding allegations relating to Corporate Staff members (including the COO and CSO), the CFO, General Counsel, Chief Compliance Officer and/or the Chief Audit & Risk Executive.

45. Supervising the activities of the Managing Board with respect to the supervision of the review of the operation of codes of conduct.

46. Acting as the principal contact for the external auditor if he/she discovers irregularities or misconduct in the performance of its duties. If this pertains to the functioning of the Managing Board, the external auditor should directly report to the Chair of the Supervisory Board.

#### ST Joint Venture Companies

47. The Audit Committee has the authority to request any information from the representatives of the Company serving on the Supervisory Board or acting in the position of CFO or Financial Controller in a ST Joint Venture Company to the extent that no overriding interest of the relevant ST Joint Venture Company prevents the representatives of the Company from supplying this information.

#### **Clarification of Audit Committee's Role**

The Audit Committee's responsibility is one of oversight. It is the responsibility of the Company to prepare the financial statements and of the Company's external auditors to audit those financial statements. Therefore, each member of the Audit Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations.

STMICROELECTRONICS N.V.

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**COMPENSATION COMMITTEE CHARTER**

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**ANNEX C**

This Compensation Committee Charter sets forth the corporate governance principles and internal regulations of the Compensation Committee of the Supervisory Board of STMicroelectronics N.V. (“ST” or the “Company”).

## **1. PURPOSE**

The Compensation Committee’s primary purpose is to advise the Supervisory Board in relation to its responsibilities and to prepare the decisions to be made by the Supervisory Board relating to the compensation of the members of the Supervisory Board, Managing Board, Secretary and Vice Secretary and Controllers.

The Supervisory Board has delegated to the Compensation Committee, subject to applicable laws, authority to determine the allocation of stock-based compensation to executive officers and key employees following the proposal of the Managing Board pursuant to plans authorized by the General Meeting of Shareholders.

The Compensation Committee also advises the Supervisory Board on the remuneration and Executive Incentive Programs for executive officers and any other employee compensation matter submitted to it by the Managing Board.

## **2. COMPOSITION**

1. Members. The Compensation Committee shall consist of as many members as the Supervisory Board shall determine from time to time, at any event a minimum of three members. The Members will be appointed and dismissed annually by the Supervisory Board.

2. Qualifications. Each of the members of the Compensation Committee must be independent according to the Independence Criteria defined by the Supervisory Board and attached to the Supervisory Board Charter as Annex A.

3. Chair. The Chair shall be primarily responsible for the proper functioning of the Compensation Committee. He/she shall act as the spokesperson of the Compensation Committee and shall be the main contact with the Supervisory Board.

## **3. MEETINGS**

1. Meetings. The Chair of the Compensation Committee, in consultation with Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least twice per year.

2. Agenda. The Chair of the Compensation Committee shall set the Committee’s agenda, in consultation with the other members of the Committee, the Managing Board and/or senior management (human resources, legal, etc.). Each member of the Compensation Committee may request the Chair of the Compensation Committee to put items on the agenda.

3. Convocation. Compensation Committee meetings shall be convened by the Chair of the Compensation Committee. Two or more Compensation Committee members may request the Chair of the Compensation Committee to convene a meeting. A notice convening a meeting, the agenda and the meeting documents shall be dispatched at least seven (7) days before each such meeting and sent to members of the Compensation Committee, unless (i) the Chair of the Compensation Committee determines that a shorter period for the notice, agenda and/or meeting documents is reasonably required in view of the circumstances at hand or (ii) all Compensation Committee members consent to a shorter period.

4. Minutes. Minutes of the meeting shall be prepared by the Chair, as supported by the Secretary. These minutes shall generally be adopted during the next meeting of the Compensation Committee. If all members of the Committee agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chair.

5. Access to consultants and advisers. The Compensation Committee has the power to retain compensation consultants having special competence to assist the Committee in evaluating director and executive compensation. The Committee may also retain counsel, accountants or other advisors as it deems appropriate. The Committee has the sole authority to retain and terminate the consultant's or advisor's services and to review and approve the consultant's or advisor's fees and other retention terms. The Committee will inform the Managing Board in advance if it retains or terminates consultants or advisors, unless the Committee decides otherwise. The Committee will furthermore inform the Chair of the Supervisory Board in advance if it retains or terminates consultants or advisors, unless the assignment directly relates to the functioning of the Chair of the Supervisory Board.

6. Report to Supervisory Board. The Chair shall report to the Supervisory Board meeting following the Committee meeting and shall submit to the Supervisory Board the minutes of Committee meetings.

7. Assessment of Charter. The Compensation Committee shall assess the adequacy of this Charter periodically and recommend any changes to the Supervisory Board.

#### **4. AUTHORITY AND DUTIES**

The Compensation Committee has several missions:

1. To propose decisions for adoption by the Supervisory Board concerning:

- The establishment and renewal of service agreements of members of the Managing Board;
- To review and determine corporate goals and objectives relevant to the Managing Board compensation and evaluate the performance of the Managing Board;

- The remuneration policy for the Managing Board and any amendment thereto, to be submitted to shareholders for adoption;
- The bonus amount for the Managing Board and the performance criteria to be met by the Managing Board to be eligible for the annual bonus amount, as well as the stock-based compensation to be attributed each year to the Managing Board, all in accordance with the remuneration policy for the Managing Board as adopted by the General Meeting of Shareholders;
- The terms and conditions for employee stock purchase plans; and
- Annual remuneration for Supervisory Board members subject to shareholder adoption and the annual remuneration of the Controllers, Secretary and Vice Secretary;

2. As a delegated administrative body of the Supervisory Board:

To determine allocation of stock-based compensation to the member(s) of the Managing Board and to approve the allocation of stock-based compensation to the senior management and key employees as selected by the Managing Board, both pursuant to the Unvested Stock Award Plan for Management and Key Employees authorized by the General Meeting of Shareholders.

3. As an advisory Committee to the Supervisory Board, to make recommendations and:

- To review the Company's remuneration policy and Executive Incentive Program for executives, as well as key executives in a ST Joint Venture Company of which the financial information is consolidated in the (statutory) accounts of the Company and to align such remuneration policies to Company policies, which are based on performance criteria, generally related to customer service, profitability, cash flow and market share; and
- To resolve any other employee compensation matter submitted by the Managing Board.

4. When preparing the proposal for the remuneration of Managing Board members, the Compensation Committee shall take note of the individual Managing Board members' view with regard to the amount and structure of their own remuneration.

5. The Compensation Committee also has authority to retain and terminate compensation consultants to assist it and to approve such firm's fees and other retention terms.

6. The Committee shall prepare the Supervisory Board's remuneration report (to be adopted by the Supervisory Board) on the implementation of the remuneration policy for the Managing Board as adopted by the General Meeting of Shareholders.

7. The Committee may review the Company's disclosure policies and communication with respect to Company remuneration of members of the Managing Board, the Supervisory Board and executive officers.

8. The foregoing list of duties is not intended to be exhaustive, and the Compensation Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties, its oversight function and the preparation of any decision making by the Supervisory Board in this respect. The Compensation Committee has the power to delegate its authority and duties to subcommittees or to individual members of the Compensation Committee, as it deems appropriate in accordance with the delegations given by the Supervisory Board, applicable laws and regulations.

STMICROELECTRONICS N.V.

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**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER**

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**ANNEX D**



This Nominating and Corporate Governance Committee Charter sets forth the corporate governance principles and internal regulations of the Nominating and Corporate Governance Committee of the Supervisory Board of STMicroelectronics N.V. (“ST” or the “Company”).

## **1. PURPOSE**

The Nominating and Corporate Governance Committee’s primary purpose is to advise the Supervisory Board in relation to its responsibilities and corporate governance principles applicable to the Company and to prepare the decisions to be made by the Supervisory Board relating to selection criteria and appointment procedures for the Supervisory Board and Managing Board members.

## **2. COMPOSITION**

1. Members. The Nominating and Corporate Governance Committee shall consist of as many members as the Supervisory Board shall determine from time to time. The Nominating and Corporate Governance Committee is composed of the Chair, Vice-Chair and such other members as shall be appointed and dismissed annually by the Supervisory Board.

2. Qualifications. Each member of the Committee shall be a member of the Supervisory Board. Each of the members of the Nominating and Corporate Governance Committee must be independent according to the Independence Criteria defined by the Supervisory Board and attached to the Supervisory Board Charter as Annex A.

3. Chair. The Chair of the Nominating and Corporate Governance Committee should not be the Chair of the Supervisory Board. The Chair shall be primarily responsible for the proper functioning of the Committee. He/she shall act as the spokesman of the Nominating and Corporate Governance Committee and shall be the main contact for the Supervisory Board.

## **3. MEETINGS**

1. Meetings. The Chair of the Nominating and Corporate Governance Committee, in consultation with Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least once per year.

2. Agenda. The Chair of the Nominating and Corporate Governance Committee shall set the Committee’s agenda in consultation with the other members of the Committee, the Managing Board and/or senior management (human resources, legal, etc.). Each member of the Nominating and Corporate Governance Committee may request the Chair of the Nominating and Corporate Governance Committee to put items on the agenda.

3. Convocation. Nominating and Corporate Governance Committee meetings shall be convened by the Chair of the Nominating and Corporate Governance Committee. Two Nominating and Corporate Governance Committee members may request the Chair of the Nominating and Corporate Governance Committee to convene a meeting. A notice convening a meeting, the agenda and the

meeting documents shall be dispatched at least seven (7) days before each such meeting and sent to members of the Nominating and Corporate Governance Committee, unless (i) the Chair of the Nominating and Corporate Governance Committee determines that a shorter period for the notice, agenda and/or meeting documents is reasonably required in view of the circumstances at hand or (ii) all Nominating and Corporate Governance Committee members consent to a shorter period.

4. Minutes. Minutes of the meeting shall be prepared by the Chair, as supported by the Secretary. These minutes shall generally be adopted at the next meeting of the Nominating and Corporate Governance Committee. If all members of the Committee agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chair.

5. Access to consultants and advisers. The Nominating and Corporate Governance Committee has the power to retain search firms having special competence to assist the Committee in evaluating director and executive appointments. The Nominating and Corporate Governance Committee may also retain counsel, accountants or other advisors as it deems appropriate. The Nominating and Corporate Governance Committee has the sole authority to retain and terminate search firms or advisors and to review and approve the search firm's or advisor's fees and other retention terms. The Committee will inform the Managing Board in advance if it retains or terminates search firms or advisors, unless the Committee decides otherwise. The Committee will furthermore inform the Chair of the Supervisory Board in advance if it retains or terminates search firms or advisors, unless the assignment directly relates to the functioning of the Chair of the Supervisory Board.

6. Report to Supervisory Board. The Chair shall report to the Supervisory Board meeting following the Committee meeting and shall submit to the Supervisory Board the minutes of Committee meetings.

7. Assessment of Charter. The Nominating and Corporate Governance Committee shall assess the adequacy of this Charter periodically and recommend any changes to the Supervisory Board.

#### **4. AUTHORITY AND DUTIES**

1. The Nominating and Corporate Governance Committee shall advise the Supervisory Board in relation to its responsibilities and shall prepare related resolutions of the Supervisory Board.

2. The responsibilities of the Nominating and Corporate Governance Committee shall include:

- a. establishing selection criteria and appointment procedures for Supervisory Board members and Managing Board members;
- b. periodically assessing the size and composition of the Supervisory Board and the Managing Board and making a proposal for a composition profile of the Supervisory Board;
- c. drawing up a plan for the succession of Managing Board and Supervisory Board members;

- d. making proposals for appointments and reappointments of members of the Supervisory and Managing Board;
- e. supervising the policy of the Managing Board on the selection criteria and appointment procedures for senior management, which is limited to issues of general policy and not decisions on individuals;
- f. reviewing the corporate governance principles relevant to the Company, with periodic updates as necessary and monitoring developments in the field of corporate governance in general; and
- g. recommending all decisions relating to the organization and workings of the Supervisory Board establishing the selection criteria and appointment procedures for members of the Supervisory Board and the Managing Board.

3. The foregoing list of duties is not intended to be exhaustive, and the Nominating and Corporate Governance Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties, its oversight function and the preparation of any decision making by the Supervisory Board in this respect. The Committee has the power to delegate its authority and duties to subcommittees or to individual members of the Committee, as it deems appropriate in accordance with the delegations given by the Supervisory Board, applicable laws and regulations.

STMICROELECTRONICS N.V.

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**STRATEGIC COMMITTEE CHARTER**

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**ANNEX E**

This Strategic Committee Charter sets forth the corporate governance principles and internal regulations of the Strategic Committee of the Supervisory Board of STMicroelectronics N.V. (“ST” or the “Company”).

## **1. PURPOSE**

The Strategic Committee’s primary purpose is to advise on and prepare Supervisory Board decisions with respect to (i) monitoring strategic developments in the semiconductor industry; (ii) reviewing the strategy for long term value creation and the long-term planning and budgeting; (iii) assessing and recommending corporate strategies and related risk management issues, including reviewing the strategic plan at least once a year; (iv) proposals for major merger and acquisition projects, as well as other projects put forth by the Managing Board such as investment, divestment or restructuring activities, and evaluating their execution; and (v) proposals for the undertaking of major research and development projects and other projects.

## **2. COMPOSITION**

1. Members. The Strategic Committee shall consist of as many members as the Supervisory Board shall determine from time to time, including the Chair and Vice-Chair.

2. Qualifications. Each member of the Committee shall be a member of the Supervisory Board. Each of the members of the Strategic Committee must be independent according to the Independence Criteria defined by the Supervisory Board and attached to the Supervisory Board Charter as Annex A.

3. Chair. The Chair shall be primarily responsible for the proper functioning of the Committee. He/she shall act as the spokesman of the Strategic Committee and shall be the main contact for the Supervisory Board.

## **3. MEETINGS**

1. Meetings. The Strategic Committee meets as often as required by our ongoing business or any significant new opportunities. The Chair of the Strategic Committee, in consultation with Committee members, shall determine the schedule and frequency of the Committee meetings.

2. Agenda. The Chair of the Strategic Committee shall set the Committee’s agenda in consultation with the other members of the Committee, the Managing Board and/or senior management, as appropriate. Each member of the Strategic Committee may request the Chair of the Strategic Committee to put items on the agenda.

3. Convocation. Strategic Committee meetings shall be convened by the Chair of the Strategic Committee. Two or more Strategic Committee members may request the Chair of the Strategic Committee to convene a meeting. A notice convening a meeting, the agenda and the meeting documents shall be dispatched at least seven (7) days before each such meeting and sent to members of the Strategic Committee, unless (i) the Chair of the Strategic Committee determines that

a shorter period for the notice, agenda and/or meeting documents is reasonably required in view of the circumstances at hand or (ii) all Strategic Committee members consent to a shorter period.

4. Minutes. Minutes of the meeting shall be prepared by the Chair, as supported by the Secretary. These minutes shall generally be adopted at the next meeting of the Strategic Committee. If all members of the Committee agree on the contents of the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chair.

5. Access to consultants and advisers. The Strategic Committee has the power to retain and terminate outside specialists to assist it in its mission if deemed necessary. The Strategic Committee will inform the Managing Board in advance if it retains or terminates outside specialists, unless the Strategic Committee decides otherwise. The Strategic Committee will furthermore inform the Chair of the Supervisory Board in advance if it retains or terminates outside specialists, unless the assignment directly relates to the functioning of the Chair of the Supervisory Board.

6. Report to Supervisory Board. The Chair shall report to the Supervisory Board meeting following the Committee meeting and shall submit to the Supervisory Board the minutes of Committee meetings.

7. Assessment of Charter. The Strategic Committee shall assess the adequacy of this Charter periodically and recommend any changes to the Supervisory Board.

#### **4. AUTHORITY AND DUTIES**

1. The Strategic Committee shall advise the Supervisory Board in relation to its responsibilities and shall prepare related resolutions of the Supervisory Board.

2. The responsibilities of the Strategic Committee shall include:

- a) monitoring strategic developments in the semiconductor industry;
- b) reviewing the strategy for long term value creation and the long-term planning and budgeting;
- c) assessing and recommending corporate strategies and related risk management issues, including reviewing the strategic plan at least once a year;
- d) proposals for major merger and acquisition projects and evaluating their execution; and
- e) proposals for the undertaking of major research and development projects, new and large manufacturing initiatives and other projects.

3. The foregoing list of duties is not intended to be exhaustive, and the Strategic Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties, its oversight function and the preparation of any decision making by the Supervisory Board in this respect. The Strategic Committee has the power to delegate its authority and duties to subcommittees or to individual members, as it deems appropriate in accordance with the delegations given by the Supervisory Board, applicable laws and regulations.