

**COMPENSATION POLICY FOR THE MANAGING BOARD
OF STMICROELECTRONICS N.V. (the "Company")**

Article 1 - INTRODUCTION

This document sets out the Company's remuneration policy concerning the managing board ("**Managing Board**"), as last amended by the Supervisory Board on 25 March 2020.

Article 2 - OBJECTIVES

- 2.1 The structure and amount of the compensation of the Managing Board (the "**Compensation**") contributes to the Company's strategy, long-term interests and sustainability by:
- a. improving performance of the Company, enhancing the value of the Company, promoting accountability and incentivising the achievement of short and long-term performance targets with the objective of furthering long-term value creation in a manner consistent with the Company's identity, mission and values;
 - b. attracting, retaining and motivating highly skilled individuals with the qualities, capabilities, profile and experience needed to support and promote the growth and sustainable success of the Company and its business;
 - c. assuring that the interests of the Managing Board are aligned to those of the Company, its business and its stakeholders; and
 - d. ensuring overall market competitiveness of the Compensation, while providing the compensation committee ("**Compensation Committee**") and the supervisory board ("**Supervisory Board**") of the Company sufficient flexibility to tailor the Company's compensation practices on a case-by-case basis, from time to time.
- 2.2 The Supervisory Board has taken into account the following matters in this compensation policy ("**Compensation Policy**"):
- a. scenario analyses carried out in advance;
 - b. Wage and employment conditions of the Company's employees (including the relevant pay ratio(s));
 - c. the identity, mission and values of the Company;
 - d. the level of social support (*maatschappelijk draagvlak*);
 - e. the financial and non-financial performance indicators relevant to the Company's long-term strategy with due observance of the risks for the Company's business which may result from variable compensation;
 - f. the size and complexity of the Company,
 - g. the global presence of the Company and its customers;
 - h. the pace of change in the industry; and
 - i. relevant market information such as industry standards and peer group data, the respective positions which the Managing Board serves within the Company's organization and any compensation payable by the Company or any of its subsidiaries to the Managing Board in any other capacity (if any). To this effect, The Compensation Committee may perform a benchmark with other semiconductor companies of comparable size, complexity and international scope.

Article 3 – EXECUTION OF THE COMPENSATION POLICY

- 3.1 The structure and amount of the Compensation shall be determined by the Supervisory Board upon the recommendation of the Compensation Committee in accordance with this policy.
- 3.2 The Compensation Committee shall prepare its recommendations relating to the Compensation in accordance with this policy and any such recommendation shall cover the compensation structure, the amount of the fixed and variable compensation components, the performance criteria used, the scenario analyses that have been carried out and the relevant pay ratio(s).
- 3.3 The Supervisory Board may choose to separately propose one or more items (such as one or more sections of the Incentive Plans) in the Compensation of the Managing Board for adoption by the general meeting of shareholders of the Company ("**General Meeting**").
- 3.4 The Supervisory Board may at any time and as it deems fit choose to execute any aspect of this policy without the recommendation of the Compensation Committee which is described herein, or to delegate the execution of any aspect of this policy to the Compensation Committee even if such delegation is not described herein.

Article 4 – COMPOSITION OF THE COMPENSATION

- 4.1 The Compensation may consist of a mix of fixed and variable compensation components, including:
 - a. base salary;
 - b. variable compensation in the form of bonuses, profit sharing arrangements and other cash and/or equity incentives;
 - c. pension; and
 - d. allowances and benefits.
- 4.2 Base salary may be subject to indexation by the Supervisory Board.
- 4.3 The amount of base salary may be increased or decreased from time to time.
- 4.4 The Supervisory Board may include such other components in the Compensation package as the Supervisory Board deems appropriate, with due observance of this policy.
- 4.5 The Company shall not grant any loans, guarantees or similar benefits as part of the Compensation.

Article 5 – VARIABLE COMPENSATION

- 5.1 The Managing Board is eligible to receive an annual bonus payable in cash ("**Bonus Plan**"), a special bonus payable in shares ("**Special Bonus Plan**") and awards under a restricted share plan ("**Restricted Share Plan**") (together the "**Incentive Plans**") that entitles the Managing Board, subject to applicable

conditions and performance criteria, to a yearly cash bonus, stock-based compensation and/or a restricted share grant. The Incentive Plans support both long-term value creation and the achievement of short-term Company objectives, including by:

- a. rewarding the achievement of strategic milestones for the Company and its business;
 - b. providing award opportunities in consideration for substantial contributions to the success of the Company and its business; and/or
 - c. promoting and incentivising continued service of the Managing Board within the Company's organisation.
- 5.2 Awards under the Incentives Plans are subject to certain financial and non-financial targets, metrics, targets and objectives and/or conditions such as:
- a. in respect of the Bonus Plan, return on net assets, customer service, profit, cash flow and market share;
 - b. in respect of the Special Bonus Plan, specific objectives with long term impact as decided by the Supervisory Board upon recommendation of the Compensation Committee; and
 - c. in respect of the Restricted Share Plan, revenues growth, the share price evolution versus PHLX Semiconductor SectorSM Index and special programs.
- 5.3 The maximum annual variable compensation awarded under the Bonus Plan and the Special Bonus Plan is 150% and 60 % respectively, of the annual gross base salary of the Managing Board.
- 5.4 With respect to the Incentive Plans awards, the Supervisory Board shall:
- a. set and, if appropriate, amend the applicable financial and/or non-financial metrics, targets, objectives and/or conditions, and their respective weighting;
 - b. set and, if appropriate, amend the maximum amount for any cash incentive and the maximum number of securities underlying any equity incentive which may be awarded as part of the Incentive Plans; and
 - c. determine the extent to which the applicable targets, objectives and/or conditions are achieved and the extent to which and incentive awards vest, using clear, pre-defined and objective and verifiable methods.
- 5.5 All equity incentives awarded shall:
- a. have a maximum vesting period of five years and a minimum vesting period of three years with a possible progressive vesting of one-third every year; and
 - b. be subject to pre-set conditions and performance criteria.
- 5.6 The Supervisory Board upon a proposal from the Compensation Committee may resolve to adjust the amount or value of an Incentive Plan award, awarded to the Managing Board to a suitable level, if payment or satisfaction of that award would be unacceptable under the standards of reasonableness and fairness.

- 5.7 The Company may reclaim payments made (in cash, in kind or in the form of securities) under an Incentive Plan award, in whole or in part, to the extent that such payment was made on the basis of incorrect information regarding the achievement of the targets, objectives and/or conditions underlying the award or regarding the circumstances on which the award was dependent. The Supervisory Board, or a special representative designated by the General Meeting, may demand such repayment on the Company's behalf.

Article 6 – TERM OF APPOINTMENT, PENSION ARRANGEMENTS & SEVERANCE PAY

- 6.1 Managing Board member(s) is appointed by the AGM for a period of three years, which term is renewable. The agreement with the Managing Board member(s) may be a mandate agreement or an employment contract. Although the relationship between a member of the managing board and a listed Dutch company will be treated as a mandate agreement, not an employment agreement, existing employment agreements with Managing Board member(s) will remain in effect.
- 6.2 The agreement can be terminated with a notice period of 3 months if terminated by the Company or 6 months if terminated by the Managing Board member. The management agreement contains severance provisions, which provide for a compensation for the loss of income resulting from a non-voluntary termination of employment equal to a gross lump sum payment in the amount of two years of the last gross annual salary, plus the variable (being the average of the last three-year payout), unless the Supervisory Board has determined that payment of such compensation would be unacceptable according to the standards of reasonableness and fairness in view of the acts of the Managing Board member.
- 6.3 The Managing Board also participates in a complementary pension plan, for which the Company makes contributions. Pursuant to the plan and if the conditions of eligibility are fulfilled, an annual pension in the amount of USD 200.000 will be payable to our CEO upon retirement (from age 65 or later if retirement is postponed). In case of termination before age 65, disability or death before retirement, the mathematical reserve held by the insurer is paid to the CEO or his/her beneficiaries. The plan is fully insured.
- 6.4 The severance pay shall not be paid if his management agreement is terminated early at the initiative of the Managing Board, or in the event of seriously culpable or negligent behavior on the part of the Managing Board.

Article 7 - MISCELLANEOUS

- 7.1 The Supervisory Board (upon a proposal from the Compensation Committee) may resolve to deviate temporarily from this Compensation Policy if the Supervisory Board is of the opinion that such deviation is necessary to safeguard the interests of the Company as a whole. The Supervisory Board will decide upon any such deviation upon advice of the Compensation Committee.
- 7.2 This policy shall be submitted for adoption to the General Meeting:
- a. at least every four years; and

- b. whenever changes would need to be made according to the Supervisory Board.
- 7.3 When the compensation policy is submitted to the General Meeting for adoption, the Supervisory Board shall include a description of:
- a. The major changes; and
 - b. how shareholder votes and positions on the compensation policy and reports since the previous vote by the General Meeting on the compensation policy have been taken into account.
- 7.4 This policy shall be available on the website of the Company, including the shareholder votes and positions on the compensation policy.