STMicroelectronics N.V.

REMUNERATION POLICY FOR THE MANAGING BOARD

Remuneration Policy for the Managing Board

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This document sets out the Company's remuneration policy concerning the members of the managing board (together the "**Managing Board**").

1. ST VALUE PROPOSITION AND STRATEGY

The value proposition of ST is based on three pillars that guide its long-term strategy:

- Return value to shareholders in line with the Company's sustainable, profitable growth objective;
- Provide customers the differentiated enablers they need to succeed in their markets: technology, IP, products, application know-how and the associated ecosystem, and an independent, reliable and secure supply chain;
- A strong commitment to sustainability, as the value proposition for all stakeholders: people, communities and society at large. Since 2020, a sustainability index has been included into the incentive plans for ST's senior management, as part of one of the key performance indicators for the Company's management.

ST's strategy focuses on long-term value creation for the Company and stems from key long-term enablers:

- Smart Mobility, where ST provides innovative solutions to make driving safer, greener and more connected for everyone.
- Power & Energy: ST technology and solutions enable customers to increase energy efficiency everywhere and support the use of renewable energy sources.
- Internet of Things ("IoT") & 5G, where ST provides sensors, embedded processing solutions, connectivity, security, optical sensing and power management, as well as tools and ecosystems to make development fast and easy for its customers.

The company is focused on application areas which are expected to experience solid growth rates driven by broad, long-term trends in electronic systems. These trends require enablers such as autonomous systems, robotics, securely connected machines and personal devices, digitalization and electrification of automobiles and infrastructure, advanced communications equipment and networks and more power efficient systems. These enablers drive in turn the demand for the electronic components ST develops and manufactures for four end-markets: automotive, industrial, personal electronics and communications equipment, computers and peripherals.

2. REMUNERATION STRATEGY

a. Key principles

As an integral part of ST's strategy, the remuneration policy for the Managing Board makes a key contribution towards the company objectives, supporting the improvement of ST's overall performance and enhancing the long-term value of the Company. Therefore, key principles that are considered to determine the remuneration of the members of the Managing Board include:

- **Alignment with the Company's strategy:** the compensation package is strongly linked to the achievement of targets that are indicators of the execution of STMicroelectronics's business strategy.

- **Improving the performance of the Company:** most of the compensation (excluding base salary, benefits and pensions) is directly linked to STMicroelectronics's performance through variable pay incentives. These incentives are based on ambitious performance conditions that include a mix of internal and external criteria as well as relative performance conditions against peers.

- **Enhancing long-term creation of shareholder value:** to strengthen the alignment to the interests of the shareholders and to enhance the long-term value creation of the Company, the compensation structure includes short- and long-term variable remuneration in the form of shares.

- **Promoting Sustainable corporate development:** to ensure that STMicroelectronics is managed in a sustainable and responsible manner for the common good, the remuneration of the members of the Managing Board includes non-financial performance conditions related to corporate social responsibility and environmental, social, and governance factors. Both short- and long-term incentive includes performance conditions promoting ST's sustainable growth.

- **Retaining and motivating key employees:** the compensation package should be competitive, ensuring remuneration levels are determined by reference internally against STMicroelectronics's Senior Management and externally against companies of comparable size, complexity and global scope.

In accordance with the key principles of STMicroelectronics remuneration structure indicated above, the total remuneration of the members of the Managing Board takes into consideration factors such as:

- the size and complexity of the Company,

- the Company's global presence and that of its customers,

- the industry pace of change,

- the Company's value proposition, strategy and goal of long-term value creation,

- and the need to recruit and retain key personnel.

b. Process for determining, reviewing, and implementing the proposed compensation system

The remuneration policy for the Managing Board is:

- proposed by the Supervisory Board upon the recommendation of its Compensation Committee and;

- submitted for adoption by the General Meeting of Shareholders ("AGM").

The remuneration of the members of the Managing Board is determined by the Supervisory Board on the advice of the Compensation Committee and within the scope of the remuneration policy, as adopted by the AGM.

Context for revising the remuneration policy

On 20 March 2024 the Supervisory Board has decided to propose an amendment to the Company's Articles of Association to accommodate an expansion of the number of Managing Board members and the appointment of a CFO in the Managing Board. In light thereof the general meeting of shareholders is requested to approve this amended Remuneration Policy for the Managing Board to facilitate that change.

3. REMUNERATION POLICY

a. Determining and reviewing the total remuneration

The remuneration structure is:

- reflective of the level of responsibility of the Managing Board and the members of the Managing Board individually.
- aligned to the Company's current context, is competitive and provides an incentive to promote the Company's performance over the medium to long-term,
- in line with the corporate interest and the interests of all the stakeholders.

The Compensation Committee advises the Supervisory Board in reviewing the remuneration packages of the members of the Managing Board both in the context of the Company performance and against a range of semiconductor peer companies and relevant market index. Before setting targets for the Managing Board, the Compensation Committee carries out scenario analyses of the possible financial outcomes of meeting target levels.

Set forth in the table below is the list of companies used for the peer group compensation analysis(1):

ADI (+ Maxim Integrated)	On Semiconductor
Diodes	Texas Instruments
Infineon	Vishay
Melexis	Rohm
Monolithic Power System	Renesas (+ Dialog)
Microchip	NXP

(1) Should one of the companies not publish financial reasons for any reason, Diodes or/and Melexis would replace the missing company.

This peer group is regularly monitored and, if required, updated by the Supervisory Board based on changes in market.

To make sure that the Remuneration Policy is proportional to those set for employees within the Company, an analysis has also been made of the internal pay ratio relativities. Analyzing the difference in remuneration levels of the members of the Managing Board and other employees (including other employment conditions), whilst also taking into account the broader public opinion, helped in developing a balanced view of the remuneration levels.

Finally, upon proposal of the Compensation Committee the Supervisory Board determines the remuneration structure and remuneration amounts for the members of the Managing Board based on the analysis of the theoretical maximum total direct remuneration (i.e., sum of base salary, maximum annual bonus opportunity, and maximum long-term incentives ("LTI")).

b. Overview of the components of the Managing Board compensation system

The proposed compensation system of the Managing Board is composed of the following key components:

Components of the compensation system	Description of each component
Fixed compensation	
Basic annual salary	The purpose of the Base Salary is to provide a fixed level of earnings and to attract and retain the members of the Managing Board. It is a key component of overall remuneration, particularly as the annual bonus is expressed as a percentage of base salary. The Company seeks to determine a fair and competitive fixed salary as compared to industry, index peers and the Company's environment. The determination of salary is based on several factors including, but not limited to, market pay levels among international industry peers of comparable size with the objective to regularly monitor base salary against market median, and, potentially, adjust it.
Cash and non-cash benefits (including pension)	The members of the Managing Board benefits: ▪ from miscellaneous allowances, including housing allowance; ▪ a company car; ▪ pension contributions; including contributions to a complementary pension plan approved by the Supervisory Board. Pursuant to the plan and if the conditions of eligibility are fulfilled, an annual pension in the amount of up to USD 200,000 for the CEO, and up to 150,000 for the CFO, will be payable to the members of the Managing Board 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 members of the Managing Board or beneficiaries. The plan is fully insured.

<table>
<tr><th colspan="2">Variable (performance-related) compensation</th></tr>
<tr><td>Short-Term Incentive (STI)</td><td>Purpose:
The purpose of the Short-Term Incentive is to motivate the members of the Managing Board to achieve financial and commercial objectives consistent with and supportive of the Company’s strategy and to create a tangible link between annual performance and individual pay opportunity.
Performance criteria
Financial conditions (market share evolution, revenue growth, operating income, net operating cash flow / free cash flow) for approximately 70%
Non-financial conditions (special programs, sustainability/corporate social responsibility index performance) for approximately 30%
Performance period
One year
Limitation/cap
Maximum of 210% of base salary for the CEO
Maximum of 150% of base salary for the CFO
Payment
Fully in cash to further align with market practices and differentiate short-term incentives vehicle from long-term incentive (paid in shares)</td></tr>
<tr><td>Long-Term Incentive (LTI)</td><td>Purpose
The purpose of stock awards is to motivate the members of the Managing Board to deliver sustainable long-term shareholder value through long- term profitability and share price growth. Stock awards (net of tax) must be held for a further three years to align with STMicroelectronics’s longer-term time horizon and strategy.
Plan type
Performance Share Plan
Number of shares granted
Up to a maximum of 100,000 shares granted annually for the CEO. Shares will conditionally vest subject to performance conditions.
Up to a maximum of 90,000 shares granted annually for the CFO. Shares will vest conditionally subject to performance condition.
Performance period
Three years</td></tr>
</table>

	Lock-up period/payment ▪ Shares will vest after three years, subject to achieving the performance conditions
	Performance conditions ▪ Revenue Growth / evolution of sales (FY 2026 vs. FY2023 versus peer group) ▪ Operating Margin Ratio before restructuring (average for the 2024 – 2026 period) ▪ Composite Corporate Social Responsibility Index from the following criteria list: internal Health & Safety, CO2 Neutrality, Diversity, Inclusion & People Engagement and external ESG investor index (Dow Jones Sustainability Index) and Carbon rating (Carbon Disclosure Project) **Limitation/cap** ▪ The final number of allocated shares after assessment of performance conditions cannot be above the number of granted shares (up to 100,000 for the CEO and up to 90,000 for the CFO)

c. Breakdown of the proposed maximum total direct compensation structure

The compensation package of the member(s) of the Managing Board should have a highly significant portion of performance-related components through a combination of short- and long-term variable instruments.

The following provides a breakdown of the proposed maximum total direct remuneration structure of the member(s) of the Managing Board.

The remuneration package of the CEO & CFO are comprised of the following:

- A base salary amounting to EUR 1,100,000 for the CEO and EUR 900,000 for the CFO; and
- Variable components, linked to performance:
  - A short-term incentive of up to 210% of base salary which is fully paid in cash for the CEO and up to 150% of base salary which is fully paid in cash for the CFO.
  - A long-term incentive through the grant of stock awards, up to a maximum of 100,000 shares for the CEO & up to 90,000 for the CFO.

The sum of these three elements represents the maximum total direct remuneration for CEO & CFO which are further described below:

Base salary amounting

The purpose of the base salary is to provide a fixed level of earnings and to attract and retain the CEO and the CFO. It is a key component of overall remuneration, particularly as the short-term incentive is expressed as a percentage of base salary. The Company seeks to determine a fair and competitive base salary as compared to the Peer Group based on several factors.

Short-term incentive

The purpose of the short-term incentive is to motivate the CEO and the CFO to achieve financial and commercial objectives consistent with and supportive of the Company's strategy and to create a tangible link between annual performance and individual pay opportunity.

In accordance with the Managing Board remuneration policy and effective from the year 2021, the short-term incentive of CEO is fully paid in cash up to a maximum of 210% of the base salary for the relevant year, all subject to the assessment and achievement of a number of performance conditions which are set annually by the Compensation Committee of our Supervisory Board. There is an alignment with the CFO with a short term incentive paid in cash up to a maximum of 150% of the base salary subject to the same conditions applicable to the CEO.

Long-term incentive

The purpose of the long-term incentive is to motivate the members of the managing board to deliver sustainable long-term shareholder value through long-term profitability and share price growth.

The terms of this long-term incentive would be included in the next long-term incentive plan to be approved at the 2024 AGM, allowing for grants of unvested stock awards in 2024, 2025 and 2026. The vesting of unvested stock awards is subject to the achievement of performance conditions and calculated over a three-year performance period. Grants of unvested stock awards made in 2024, 2025 and 2026 will fully vest, subject to performance conditions, in 2027, 2028 and 2029 respectively.

Award levels are determined annually by the Compensation Committee within the maximum amounts set by the Supervisory Board. In accordance with the resolution adopted by our AGM, the maximum annual grant allowed in relation to the CEO's stock award for 2021, 2022 and 2023 was 100,000 unvested stock awards subject to performance criteria. The maximum annual grant to be allowed in relation to the CEO's stock award for 2024, 2025 and 2026 would be 100,000 unvested stock awards, and to the CFO's stock award for 2024, 2025 and 2026 would be 90,000 unvested stock awards, subject to performance criteria.

d. Share ownership guidelines

The members of the Managing Board are expected to build up a shareholding in ST equal to 1.5 times their base salary (within 3 to 5 years and based on LTIP vested shares net of tax). Investment of the members of the Managing Board in ST shares could target up to 15% of the shares net of tax currently vested under the LTI.

e. Proposed changes for the new remuneration policy

The main proposed change[s] for 2024 to the remuneration policy for the Managing Board:

The remuneration policy applies to the Managing Board, which will consist of at least two members (including the Chief Executive Officer and the Chief Financial Officer) as per May 22, 2024.

f. Termination provisions

The members of the Managing Board are appointed by the AGM for a 3-year mandate, which term is renewable. The agreements with the members of the Managing Board 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 the member(s) of the Managing Board will remain in effect.

i. Termination not in connection with a change-in-control

If the relevant member of the Managing Board is not employed by the Company at the time of vesting, the award will lapse, except in certain circumstances as determined by the Supervisory Board including sickness, death, retirement and in the event of the member of the Managing Board not being re-appointed or any other circumstance as decided by the Supervisory Board. Good and bad leaver will be included in appendix to the member of the Managing Board's contract.

In the case that employment is terminated by the Company without cause or termination but for a pre-defined good reason as detailed above, then the portion of any award which vests will be determined solely by the Supervisory Board based on several factors including performance against targets.

ii. Termination in connection with a change-in-control

In the event of a change in control of the Company, any award will be rolled over into an award in the new entity, subject to performance, with the balance rolled over.

In the case that employment is terminated by the Company without cause, or termination by a member of the Managing Board for a pre-defined good reason detailed above in connection with a change in control, then outstanding awards will vest immediately without time proration.

g. Claw-back provisions

All performance-related remuneration awarded to the members of the Managing Board are subject to a claw back provision as follows, in accordance with Dutch law.

If the Supervisory Board considers that there is a significant downward restatement of STMicroelectronics' financial results, breach of duty from the members of the Managing Board, or where remuneration has been paid based upon incorrect information about the achievement of the goals on which the remuneration was based or the circumstances on which the bonus was dependent, it may, in its discretion, within two years of the performance-related remuneration of the members of the Managing Board vesting or being paid:

- Require the member(s) of the Managing Board to repay to STMicroelectronics an amount equal to the after-tax value of some or all of any cash bonus or STMicroelectronics shares that were granted; and/or
- require STMicroelectronics to withhold from, or offset against, any other remuneration to which the member(s) of the Managing Board may be or become entitled in connection with its employment such an amount as the Supervisory Board

considers appropriate.

When reaching its decision, the Supervisory Board will take into account of the significance of the breach of duty and in addition, the Supervisory Board may take other actions in relation to the statutory provision e.g. claim for damages.

h. Miscellaneous

The Supervisory Board may resolve to deviate temporarily from this remuneration policy if the Supervisory Board is of the opinion that such deviation is necessary to safeguard the interests of the Company, under special and extraordinary circumstances [unfavorable market developments are explicitly excluded from the definition of special and extraordinary circumstances]. The Supervisory Board will decide upon any such deviation and the duration thereof, upon advice of the Compensation Committee.

This remuneration policy shall be submitted for adoption to the AGM at least every four years, and whenever changes would need to be made according to the Supervisory Board.

This remuneration policy shall be available on the website of the Company.