



STMicroelectronics N.V.

REMUNERATION POLICY FOR THE MANAGING BOARD

Remuneration Policy for the Managing Board

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In view of the Dutch implementation of the revised Shareholders' Rights Directive (EU) 2017/828 ("SRDII"), the Supervisory Board has updated the remuneration policy for the sole member of the Managing Board, President and CEO (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 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 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 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 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

The proposal for revision of the remuneration policy to align with the new requirements under the Dutch Civil Code, following the implementation of the SRDII, was rejected by the AGM on June 17, 2020, leaving the remuneration policy as adopted by the 2005 AGM intact.

Following the results of the 2020 AGM, where the proposed new remuneration policy was rejected, and after a careful review of related comments made by main proxy advisors and investors, the Supervisory Board has undertaken a thorough review of the compensation structure, with the involvement of the Company and members of the Supervisory Board (directly and through an ad-hoc committee), with the support of an external consulting firm. The Supervisory Board has also conducted a comprehensive qualitative and quantitative benchmark against industry peers and best-in-class market practices – in particular, regarding the level of transparency and disclosure of compensation information of the Managing Board.

Following this process, and upon the recommendation of its Compensation Committee, the present remuneration policy was approved by the Supervisory Board on March 24, 2021 and will be submitted for adoption by the 2021 AGM. Subject to the adoption by the 2021 AGM, this remuneration policy applies as from 2021 AGM date onwards, and the rules relating to the long-term incentive (LTI) are to be applied when the 2021 allocation is made.

3. REMUNERATION POLICY

a. Determining and reviewing the total remuneration

The remuneration structure is:

- reflective of the level of responsibility of the Managing Board.
- 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 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 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 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 | <p>The purpose of the Base Salary is to provide a fixed level of earnings and to attract and retain 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.</p> |
| Cash and non-cash benefits (including pension) | <p>The Managing Board benefits:</p> <ul style="list-style-type: none"> ▪ 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 USD 200.000 will be payable to 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 Managing Board or beneficiaries. The plan is fully insured. |

Variable (performance-related) compensation

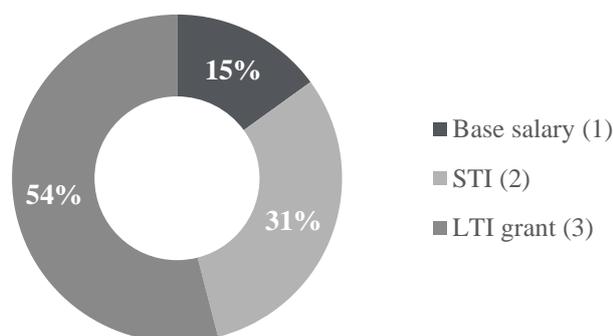
| | |
|--|---|
| <p>Short-Term Incentive (STI)</p> | <p>Purpose:</p> <ul style="list-style-type: none"> ▪ The purpose of the Short-Term Incentive is to motivate the Managing Board to achieve financial and commercial objectives consistent with and supportive of the Company’s strategy and to create a tangible link between annual performance and individual pay opportunity. <p>Performance criteria</p> <ul style="list-style-type: none"> ▪ Financial conditions (market share evolution, revenue growth, operating income, net operating cash flow) for approximately 70% ▪ Non-financial conditions (special programs, sustainability/corporate social responsibility index performance) for approximately 30% <p>Performance period</p> <ul style="list-style-type: none"> ▪ One year <p>Limitation/cap</p> <ul style="list-style-type: none"> ▪ Maximum of 210% of base salary <p>Payment</p> <ul style="list-style-type: none"> ▪ Fully in cash to further align with market practices and differentiate short-term incentives vehicle from long-term incentive (paid in shares) |
| <p>Long-Term Incentive (LTI)</p> | <p>Purpose</p> <ul style="list-style-type: none"> ▪ The purpose of stock awards is to motivate 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. <p>Plan type</p> <ul style="list-style-type: none"> ▪ Performance Share Plan <p>Number of shares granted</p> <ul style="list-style-type: none"> ▪ Up to a maximum of 100,000 shares granted annually. Shares will conditionally vest subject to performance conditions. <p>Performance period</p> <ul style="list-style-type: none"> ▪ Three years <p>Lock-up period/payment</p> |

| | |
|--|---|
| | <ul style="list-style-type: none"> ▪ Shares will vest after three years, subject to achieving the performance conditions <p>Performance conditions</p> <ul style="list-style-type: none"> ▪ Revenue Growth (FY 2023 vs. FY2020 versus peer group) ▪ Operating Margin Ratio before restructuring (average for the 2021 – 2023 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) <p>Limitation/cap</p> <ul style="list-style-type: none"> ▪ The final number of allocated shares after assessment of performance conditions cannot be above the number of granted shares (100,000) |
|--|---|

c. Breakdown of the proposed maximum total direct compensation structure

The compensation package of the Managing Board should have a highly significant portion of performance-related components (over 85% of total direct compensation) through a combination of short- and long-term variable instruments.

As an illustration, the following provides a breakdown of the proposed maximum total direct remuneration structure of the Managing Board:



⁽¹⁾ Base salary is fixed amount (800,000€ for 2021). Please note that potential salary increase may be considered by the Supervisory Board in future years.

⁽²⁾ Maximum annual bonus is 210% of base salary

⁽³⁾ LTI grant corresponds to the number of shares granted annually (as an illustration, 100,000 shares granted at a price of \$29.07 – corresponding to an average of ST share price in 2020 from January 1, 2020 to December 31, 2020). Please note that the variation of share price (before the actual price at grant date) may impact the portion of LTI in the total direct compensation structure.

d. Proposed changes for the new remuneration policy

Set forth in the table below is a summary of the main proposed changes for 2021 to the remuneration policy for the Managing Board:

| Previous Remuneration element | Proposed changes to the remuneration policy | Rationale for the changes |
|--|--|--|
| <p>Base salary</p> <p>Fixed, non-performance-related compensation paid in twelve equal monthly installments.</p> | <p>No change in base salary has been considered (€800,000 for 2021).</p> <p>Monitoring against market median will be carried out on a regular basis.</p> | <p>n.a.</p> |
| <p>Short-Term Incentive (STI)</p> <p>Up to 210% (max.) of base salary, subject to performance conditions (with up to 150% payable in cash and up to 60% payable in shares)</p> | <p>The following changes are proposed:</p> <ul style="list-style-type: none"> ▪ Unique set of 4 to 7 predefined performance criteria ▪ Introduction of a sustainability/CSR criterion ▪ Definition of threshold, a target, and a maximum amount using a performance matrix ▪ STI will be fully paid in cash | <p>Better alignment with market practice and further simplification and transparency to address proxy advisors' and investors' requirements and expectations</p> <p>Include sustainability and corporate social responsibility in the short- and long-term performance conditions</p> <p>Paying STI fully in cash is a way to clarify the remuneration policy and better distinguish between STI and LTI</p> |
| <p>Long-Term Incentive (LTI)</p> <p>Up to 100,000 (max.) performance shares, subject to performance conditions assessed annually over a three-year period</p> | <p>The following changes are proposed:</p> <ul style="list-style-type: none"> ▪ Performance measured over a 3-year period ▪ Granted Shares vesting immediately after the end of the year 3, subject to performance measurement over the same 3-year period, according to a combination of 3 predefined criteria and a matrix of objectives | <p>Address market, proxy advisors' and investors' requirements and further transparency in terms of LTI design and implementation</p> <p>Ensure a significant part of the remuneration linked to long-term strategy of the STMicroelectronics's longer-term time horizon and strategy.</p> <p>Include sustainability and corporate social responsibility in the short- and long-term performance conditions.</p> |

| | | |
|-------------------------------|--|--|
| No share ownership guidelines | The member(s) of the Managing Board will be expected to build up a shareholding in ST equal to 1.5 times base salary (within 3 to 5 years) net of tax | Better alignment to prevalent market practice and proxy advisor expectations regarding Executive share ownership guidelines. |
|-------------------------------|--|--|

A detailed overview of the main proposed changes for 2021 to the remuneration policy for the Executive Officer is outlined as follows.

i. Base salary

The Supervisory Board decided to maintain the same amount in base salary for the Managing Board as in the past years. However, potential salary increase could be considered in future years with the objective to better align base salary to market and industry peers' practices.

ii. Cash and non-cash benefits (including Pension and other fringe benefits)

No changes were made to any of these programs.

iii. Short-term incentive (STI)

In order to promote simplification of the STI mechanism and align the structure of the short-term incentive to market practice, the Supervisory Board decided to propose the following key changes in terms of structure and design:

| Remuneration element | Previous structure (as approved by the 2019 AGM) | Proposed structure (see details below) |
|----------------------------|---|--|
| Short-Term Incentive (STI) | <ul style="list-style-type: none"> ▪ Up to 150% (of base salary) payable in cash, subject to predefined <i>conditions</i>; ▪ Up to 60% (of base salary) payable in shares, subject to predefined <i>conditions</i>. | <ul style="list-style-type: none"> ▪ The maximum STI remains unchanged (up to 210% of base salary). However, the STI will be paid out 100% in cash following assessment of and subject to the achievement of performance conditions, rather than a mix of cash and shares. ▪ Subject to annual performance measurement of a unique set of 4 to 7 predefined criteria (mix of financial and non-financial) and a performance matrix both for financial and non-financial criteria that explicitly outline threshold and target outcomes (as well as overperformance conditions for financial criteria) |

In order to promote transparency of the STI mechanism, the Supervisory Board decided that, alongside maximum amounts, it will explicitly state amounts awarded based on pre-defined target and threshold performance levels for each condition, with the following pay-out curve:

| Performance Level | Payout as a % of base salary | Performance conditions at each level |
|--------------------------|-------------------------------------|---|
| At Target | 210% | <ul style="list-style-type: none"> ▪ For financial performance in line with Budget/Plan and Market Share gain versus previous year. Over-performance for financial criteria can also offset the potential under-performance of other financial criteria and increase pay-out without exceeding a pay-out of 150% of base salary. ▪ Non-financial performance conditions fully in line with plans. |
| At Threshold | 105% | <ul style="list-style-type: none"> ▪ Market share in line with previous year, Consolidated Revenues 95% of Target, while Operating Income and Net Operating Cash Flow 85% of Target ▪ Non-financial performance conditions partially in line with plans but still satisfactory |
| Below Threshold | 0% | <ul style="list-style-type: none"> ▪ Market share below previous year, Consolidated Revenues below 95% of Target, while Operating Income and Net Operating Cash Flow below 85% of Target ▪ Non-financial performance conditions not met |

In order to encourage simplification and facilitate a better understanding of the STI mechanism, the Supervisory Board will use a **unique combination of 4 to 7 pre-defined performance conditions** that will be disclosed (including relative weights) upfront in the remuneration report published for the relevant performance year. Actual performance levels will be disclosed, except for confidentiality reasons at the discretion of the Supervisory Board.

The Supervisory Board, upon the recommendation of the Compensation Committee and discussion with the Managing Board, may choose annually **3 to 4 financial KPIs** (weighted about 70% of the annual bonus) and **1 to 3 non-financial KPIs** (weighted about 30% of annual bonus) and determine the relative weights from the following list:

- Revenue, Gross Margin, Operating Margin, Net Income, Free Cash Flow, RoCE, market share evolution, share price evolution
- Sustainability/CSR Index, from the following criteria list: Health & Safety, CO2 Neutrality, Diversity, Inclusion & People Engagement
- Special Projects

The calculation of the STI opportunity is based on the sum of the target weight of each performance condition. Should thresholds or minimum levels of performance not being reached, this would result in no bonus being awarded. In terms of annual bonus payout opportunity, the maximum amount of annual bonus is 210% of base salary, to be paid in cash subject to achieving the performance conditions.

As an illustration, set forth in the following table are an overview of the performance conditions and weight set for 2021 that will be used for the attribution of the 2021 STI (paid in 2022).

| Proposed Short-Term Incentive (STI) criteria | <i>Below Threshold</i> | <i>Between Threshold and Target</i> | <i>Between Target and Stretch</i> | <i>Above or equal to Stretch</i> |
|--|------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Financial performance conditions (weighted ca. 70%) | | | | |
| Market share evolution | 0% | 15% | 30% | 45% |
| Revenue Growth | 0% | 20% | 40% | 60% |
| Operating income | 0% | 20% | 40% | 60% |
| Net operating cash flow | 0% | 20% | 40% | 60% |
| <i>Sub-total</i> | 0% | 75% | 150% | Max 150% |
| Non-financial performance conditions (weighted ca. 30%) | | | | |
| Execute special programs | 0% | 15% | 30% | 30% |
| Execute strategy implementation | 0% | 5% | 10% | 10% |
| Sustainability/CSR Index | 0% | 10% | 20% | 20% |
| <i>Sub-total</i> | 0% | 30% | 60% | 60% |
| Total | 0% | 105% | 210% | Max 210% |

These performance conditions will enable to conduct a holistic and comprehensive assessment of the member(s) of the Managing Board's annual performance.

The combination of financial and non-financial criteria is well balanced in terms of external and internal criteria and reflect the challenging objectives set by the Compensation Committee in line with STMicroelectronics' ambitious long-term vision and business strategy.

- Market share evolution is an **external criterion** measured by assessing STMicroelectronics' relative positioning and competitiveness in relation to its market and its industry peers and how fast STMicroelectronics grows its revenues compared to its competitors.

The three **internal criteria** include total company revenue, operating income and net operating cash flow:

- **Total company revenue** represents the total amount of income generated by STMicroelectronics' operations.
- **Operating income** is an important yardstick of profit measurement and reflects the operating performance of the business which does not take into consideration non-operating gains or losses suffered by business, the impact of financial leverage and tax factors.
- **Net operating cash flow** is a liquidity metric that evaluates whether STMicroelectronics has enough liquidity to meet its debt obligations. This metric helps assess the financial soundness of the company in terms of liquidity risk, financial risk, credit risk and business risk.

The Supervisory Board believes the three above criteria be a crucial in determining the financial strength of the company.

Upon proposal of the Compensation Committee, the Supervisory Board sets scorecard targets and weightings, which support the delivery of the strategy. Annual bonus scorecard outcomes will be disclosed, with the exception of items which the Company considers commercially sensitive information. The Compensation Committee retains the ability to adjust performance measure targets and weightings year-by-year within the overall target and maximum payouts approved in the remuneration policy.

The evaluation and assessment of the fulfillment of conditions and performance criteria will be completed by the Supervisory Board, upon proposal of the Compensation Committee, to determine the actual amount of the Managing Board's bonus to be paid.

iv. Long-Term Incentive

Following the 2020 AGM results, comments from proxy advisors and further support from external consultant, the Supervisory Board decided to propose major changes in order to have a more robust approach to the Long-Term Incentive mechanism and align it to leading market practices.

| Remuneration element | Existing structure | Proposed structure (see details below) |
|----------------------------|---|--|
| Long-Term Incentive (LTI) | <ul style="list-style-type: none"> ▪ Up to 100,000 shares per year, subject to predefined performance conditions ▪ Performance conditions are assessed over a 1-year period ▪ Shares actually granted vest on a yearly basis (32% on year 1, 32% on year 2, and 36% on year 3) | <ul style="list-style-type: none"> ▪ Up to 100,000 shares per year, subject to predefined performance conditions ▪ Performance conditions assessed over a 3-year period ▪ Granted shares will conditionally vest after 3 years, subject to the assessment of performance conditions based on a <i>combination of 3 predefined criteria and a matrix of objectives. This matrix will include threshold, and target performance levels.</i> |
| Share ownership guidelines | <ul style="list-style-type: none"> ▪ No guidelines in place | <ul style="list-style-type: none"> ▪ The Managing Board will be expected to build up a shareholding in ST equal to 1.5 times base salary (within 3 to 5 years) net of tax |

In order to promote transparency of the long-term incentive mechanism, the Supervisory Board decided that, alongside maximum amounts, it will explicitly state amounts awarded based on pre-defined target and threshold performance levels for each condition. Set forth in the following table are the performance criteria, weight, and achievement rate for the periods indicated below set for the LTIP plan.

| Proposed Long-Term Incentive criteria | <i>Below Threshold</i> | <i>At Threshold</i> | <i>Above Threshold and below Target</i> | <i>At Target or above</i> |
|--|------------------------|---------------------|---|---------------------------|
| Performance conditions to be assessed over a 3-year period | | | | |
| Revenue Growth ^{(1) (2)} (FY 2023 vs. FY2020 versus peer group) | 0% | 16,67% | 25,00% | 33,33% |
| Operating Margin Ratio before restructuring ⁽¹⁾ (average for the 2021 – 2023 period) | 0% | 16,67% | 16,67% | 33,33% |
| Composite Corporate Social Responsibility Index ⁽³⁾ | 0% | 16,67% | 16,67% | 33,33% |
| Total | 0% | 50% | 58,34% | Max 100% |

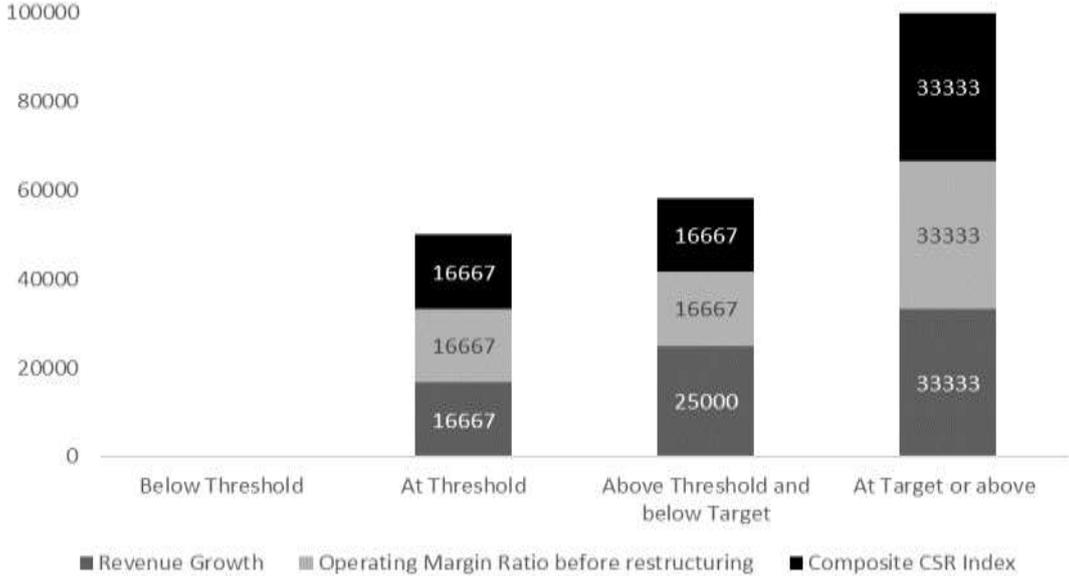
⁽¹⁾ When assessing performance, ST's Revenue and Operating Margin will include the impact of (pending) acquisitions/divestments (pro forma) that have already been announced.

⁽²⁾ Compound Annual Growth Rate over a 3-year period. ST’s performance over the 3-year period will be assessed against a peer group of 10 companies

⁽³⁾ Include the following topics: Health & Safety, CO2 Neutrality, Diversity, Inclusion & People Engagement

The final number of allocated shares cannot exceed the number of granted shares (100,000). If threshold performance level is met for all three performance conditions, the number of allocated shares is 50,000.

Set forth below is a graph to illustrate the final number of shares to be allocated after the assessment of the three pre-defined performance conditions:



The Supervisory Board decided to use a combination of 2 financial and 1 non-financial criteria (compared to 3 financial criteria in previous years). This combination will enable the Supervisory Board to holistically assess the long-term and sustainable performance of the Executive Officer. Further, since the LTIP focuses on longer-term objectives and performance, the impact of potential mergers, (pending) acquisitions, or divestments (that have already been announced) will be considered when assessing performance – in particular, for revenue growth and operating margin performance objectives.

In addition, compared to previous years and in order to promote a more robust and long-term approach to the LTIP, performance conditions will be assessed over a 3-year period (compared to 1-year in previous years). This will ensure alignment of interests between management, shareholders, and all relevant stakeholders over the long-term.

The Supervisory Board, upon recommendation of the Compensation Committee, determines whether the performance criteria, as described below, will be met and conclude whether and to which extent all eligible employees, including the Managing Board are entitled to any stock awards under the stock award plan.

Information on scorecard outcomes will be disclosed with the exception of items which the Company considers commercially sensitive information.

v. *Introduction of share ownership guidelines*

In order to become even more aligned with market practices and regulations, the Supervisory Board decided to introduce guidelines around share ownership.

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

e. Termination provisions

The Managing Board is appointed by the AGM for a 3-year mandate, which term is renewable. The agreement with 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 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 the 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.

f. Claw-back provisions

All performance-related remuneration awarded to 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 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 Managing Board vesting or being paid:

- Require 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 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.

g. 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.