



**STMicroelectronics N.V. (the "Company")**  
**2021 Annual General Meeting of Shareholders (the "AGM")**

**EXPLANATORY NOTES**

The Supervisory Board proposes:

**Agenda item 1 - Discussion item**

Shareholders are invited to discuss the report of the Managing Board on the 2020 financial year and the explanations regarding the deviations from the Dutch Corporate Governance Code. This agenda item is a non-voting item. In respect of this item reference is made to the Report of the Managing Board included in chapter 3 of the 2020 annual accounts and the deviations from the Dutch Corporate Governance Code included in chapter 5 of the 2020 annual accounts. The 2020 annual accounts are published on the Company's website.

**Agenda item 2 - Discussion item**

Shareholders are invited to discuss the report of the Supervisory Board on the 2020 financial year. This agenda item is a non-voting item. In respect of this item reference is made to the Report of the Supervisory Board included in the 2020 annual accounts in chapter 4. The 2020 annual accounts are published on the Company's website.

**Agenda item 3 - Voting item**

In accordance with section 2:135b (2) of the Dutch Civil Code, the remuneration report for the Managing Board and the Supervisory Board will be discussed and be put to an advisory vote by the shareholders. In respect of this item reference is made to the Report of the Supervisory Board as well as other information on remuneration included in the 2020 annual accounts in paragraph 4.8.1 (with respect to the Supervisory Board) and 4.8.3 (with respect to the Managing Board). The 2020 annual accounts are published on the Company's website.

**Agenda item 4 - Voting item**

The Supervisory Board proposes to amend the Company's remuneration policy for the Managing Board. The remuneration of the sole member of our Managing Board, President and Chief Executive Officer, is determined by our Supervisory Board at the recommendation of the Compensation Committee and within the scope of the remuneration policy.

Following the results of our 2020 AGM, where the proposed new remuneration policy for our Managing Board and remuneration report to ensure compliance with the new requirements under the Dutch Civil Code following the implementation of the new Shareholder Rights Directive II (SRDII) were not approved (resulting in the continued application of the remuneration policy for our Managing Board as adopted by our 2005 AGM), and after careful review and consideration of comments received from proxy advisors, shareholders and other stakeholders, we have conducted a thorough review of our current compensation structure, with the involvement of the Company and members of the Supervisory Board (directly and through an ad-hoc committee and the Compensation Committee), each with the support of their own independent external consulting firm. We have also conducted a comprehensive qualitative and quantitative benchmark against our industry peers and best-in-class market practices – in particular, regarding the level of transparency and disclosure of compensation information of the sole member of our Managing Board, President and Chief Executive Officer.

Following this process, we started preparing an amended proposal for a remuneration policy for the Managing Board. Furthermore, we have increased the level of disclosure and transparency in relation to the remuneration of the sole member of our Managing Board, President and Chief Executive Officer, therein to address the 2020 AGM results and provide our stakeholders with an increased level of insight in our remuneration practices.

The key principles that are considered to determine the remuneration of the sole member of our Managing Board, President and Chief Executive Officer are as follows:

- **Alignment with the Company's strategy:** the compensation package should be strongly linked to the achievement of targets that are indicators of the execution of the Company's business strategy.
- **Improving the performance of the Company:** most of the compensation (excluding benefits and pensions) should be linked directly to the Company's performance through variable pay instruments.
- **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 the Company is managed in a sustainable and responsible manner for the common good, the remuneration takes into consideration corporate social responsibility and environmental, social, and governance factors, promoting the Company's sustainable growth.
- **Retaining and motivating key employees:** the compensation package should be competitive, ensuring remuneration levels are determined by reference internally against the Company's Senior Management and externally against companies of comparable size, complexity and global scope.

To determine the remuneration structure, the Supervisory Board considers, among others, the main principles outlined above.

The Supervisory Board proposes to adopt the updated remuneration policy for the Managing Board with effect from the 2021 financial year. Consistent with the recently introduced requirements of section 2:135a(2) of the Dutch Civil Code, the remuneration policy for the Managing Board shall be put to a vote at a General Meeting at least once every four (4) years.

The proposed remuneration policy for the Managing and an associated presentation slides containing a comprehensive explanation of the proposed remuneration policy for the Managing Board are included, respectively, in Annex B and Annex C to these explanatory notes.

#### **Agenda item 5 - Voting item**

To adopt the annual accounts for the 2020 financial year, as drawn up by the Managing Board, examined and audited by the Company's independent external auditors, Ernst and Young Accountants LLP, and approved by the Supervisory Board. The annual accounts, which include the reports of the Managing Board and the Supervisory Board, have been prepared in English consistent with prior practice, and in accordance with IFRS Accounting Standards as adopted by the European Union, as IFRS constitute the Company's statutory reporting standards.

#### **Agenda item 6 - Voting item**

To distribute, in line with the Company's Dividend Policy, a quarter dividend in cash of:

- US\$ 0.06 per common share in the second quarter of 2021,
- US\$ 0.06 per common share in the third quarter of 2021,
- US\$ 0.06 per common share in the fourth quarter of 2021, and
- US\$ 0.06 per common share in the first quarter of 2022.<sup>(1)</sup>

#### *Shareholders' information:*

Information on the ex-dividend dates, the record dates and the payment dates regarding the quarter dividend distributions referred to above, if adopted by the General Meeting of Shareholders, is included in Annex A to these explanatory notes.

#### **Agenda item 7 - Voting item**

To discharge the sole member of the Managing Board for his management during the 2020 financial year.

#### *Shareholders' information:*

In accordance with Dutch law, discharge of the sole member of the Managing Board is separately adopted as agenda item.

---

<sup>(1)</sup> For practical purposes the agenda and the explanatory notes refer to dividend to reflect either dividend distributions or distributions out of the freely distributable reserves of the company.

### **Agenda item 8 - Voting item**

To discharge the members of the Supervisory Board for their supervision during the 2020 financial year.

#### *Shareholders' information:*

In accordance with Dutch law, discharge of the members of the Supervisory Board is separately adopted as agenda item.

### **Agenda item 9 – Voting item**

To re-appoint Mr. Jean-Marc Chery as sole member of the Managing Board for a three-year term effective as from the AGM to expire at the end of the 2024 AGM.

#### *Shareholders' information:*

Jean-Marc Chery has been the President and Chief Executive Officer of the Company since 31<sup>st</sup> May 2018. He is the Sole Member of the Managing Board and chairs the Company's Executive Committee. Mr. Chery began his career in the Quality organization of Matra, the French engineering group. In 1986, he joined Thomson Semiconducteurs, which subsequently became STMicroelectronics, and held various management positions in product planning and manufacturing, rising to lead the Company's wafer fabs in Tours, France, and later in Rousset, France. In 2005, Mr. Chery led the company-wide 6-inch wafer-production restructuring program before taking charge of ST's Front-End Manufacturing operations in Asia Pacific. In 2008, he was promoted to Chief Technology Officer and assumed additional responsibilities for Manufacturing and Quality (2011) and the Digital Product Sector (2012). In 2014, Mr. Chery was appointed ST's Chief Operating Officer responsible for Technology and Manufacturing operations. In July 2017, Mr. Chery was appointed Deputy CEO with overall responsibility for Technology and Manufacturing, as well as for Sales and Marketing operations. Mr. Chery is President of the European Semiconductor Industry Association (ESIA), President of the European microelectronics R&D program AENEAS, and Chairman of the France – Malaysia Business Council at Medef International. He was promoted Knight of the Legion of Honor by the French Ministry of Economy and Finance in July 2019. Jean-Marc Chery was born in Orleans, France, in 1960, and graduated with a degree in Engineering from the ENSAM engineering school in Paris, France.

The re-appointment of Mr. Jean-Marc Chery as sole member of the Managing Board is being proposed on the basis of his specific expertise needed to adequately perform the activities as the sole member of the Managing Board and his performance as sole member of the Managing Board, President and Chief Executive Officer, in the past three years.

### **Agenda item 10 - Voting item**

To approve that the Supervisory Board grants to Mr. Jean-Marc Chery up to a maximum number of 100,000 common shares, in the form of Unvested Stock Awards, for services to be rendered in

2021 as the President and CEO, whereby the vesting of such Unvested Stock Awards will be tied to company performance, according to predetermined and quantifiable criteria to be fixed by the Supervisory Board upon the recommendation of its Compensation Committee, with the objective of creating long-term value for our shareholders and other stakeholders. The performance conditions will be assessed over a 3-year period, and granted Unvested Stock Awards will conditionally vest after 3 years, subject to the assessment of the performance conditions.

The proposed new remuneration policy for the Managing Board is published on the company's website.

*Shareholders' information:*

The granting of Unvested Stock Awards is in accordance with the proposed remuneration policy for the managing Board and are intended to provide an incentive to the President and CEO to increase his efforts for the success of us by offering him an opportunity to obtain or increase his proprietary interest in us through the vesting of the up to 100,000 Unvested Stock Awards to be granted to him, provided the applicable predetermined and quantifiable criteria as determined by the Supervisory Board upon the recommendation of its Compensation Committee are met. Such criteria are described in the proposed remuneration policy for the Managing Board and are based on Revenue Growth, Operating Margin Ratio and Composite Corporate Social Responsibility Index. The performance conditions will be assessed over a 3-year period, and granted Unvested Stock Awards will conditionally vest after 3 years, subject to the assessment of the performance conditions.

In respect of this item reference is made to the Report of the Supervisory Board and more specifically to the Remuneration report, included in the 2020 annual accounts in paragraph 4.8.3, where past performance under this plan can be viewed. The 2020 annual accounts are published on the Company's website.

**Agenda item 11 - Voting item**

To approve that the Supervisory Board establishes a new three-year unvested stock award plan for Management and selected Key Employees. The vesting of such Unvested Stock Awards will be tied to company performance, according to predetermined and quantifiable criteria to be fixed by the Supervisory Board upon the recommendation of its Compensation Committee, with the objective of creating long-term value for our shareholders and other stakeholders.

*Shareholders' information:*

The establishment of a new three-year unvested stock award plan for Management and selected Key Employees is proposed to attract external talent to join ST Executive and top management team according to company needs and succession plan and retain them in highly competitive and challenging semiconductor and more globally high technology industry environment. The main elements of the plan are:

- the grant of stock-based compensation will be in the form of a right to acquire common shares out of the Company's treasury shares;

- employees will receive stock-based compensation at no consideration;
- vesting conditions will be determined by the Supervisory Board or its Compensation Committee (on behalf of the Supervisory Board) and, as applicable, will relate to the Company's financial and social responsibility performance and an employee's continued service with the Company;
- the Supervisory Board will have the authority to determine all other terms and conditions of the stock-based compensation grant; and

the Plan will authorize a maximum of 19.5 million stock award grants during the three years of the Plan which number includes any stock awards granted to the Company's President and CEO as part of his compensation during the three-year period.

### Agenda item 12 - Voting item

To re-appoint Mr. Nicolas Dufourcq as a member of the Supervisory Board for a three-year term effective as of the 2021 AGM to expire at the end of the 2024 AGM.

#### *Shareholders' information:*

Nicolas Dufourcq has been a member of our Supervisory Board since May 2015, its Chairman from June 2017 to June 2020 and its Vice-Chairman since June 2020. He serves on our Supervisory Board's Nomination and Corporate Governance Committee, Compensation Committee and Strategic Committee. Mr. Dufourcq is a graduate of HEC (Hautes Etudes Commerciales) and ENA (Ecole Nationale d'Administration). He began his career at the French Ministry of Finance and Economics before joining the Ministry of Health and Social affairs in 1992. In 1994, he joined France Telecom, where he created the Multimedia division, before going on to chair Wanadoo, the firm's listed Internet and Yellow Pages subsidiary. After joining the Capgemini Group in 2003, he was made responsible for the Central and Southern Europe region, successfully leading their financial turnaround. He was appointed Chief Financial Officer of the Group and member of the Executive Committee in September 2004. In 2005, he was named deputy Chief Executive Officer in charge of finance, risk management, IT, delivery, purchases and LEAN program and, in 2007, also in charge of the follow-up of the group's major contracts. On February 7, 2013, Mr. Dufourcq was appointed Chief Executive Officer of Bpifrance (Banque Publique d'Investissement), which is indirectly controlled by the French Government and is one of the shareholders of ST Holding. Until January 2021, he was the permanent representative of Bpifrance Participations as a member of the board of directors of Orange. Mr. Dufourcq is also a member of the strategic advisory board of Euler Hermes, a member of the board of directors of Doctolib (since April 2020) and Stellantis (since January 2021). Mr. Dufourcq does not own any common shares in the Company's share capital.

The re-appointment of Mr. Nicolas Dufourcq as member of the Supervisory Board is being proposed on the basis of his specific expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform the activities as member of the Supervisory Board.

### Agenda item 13 - Voting item

To authorize the Managing Board to acquire for a consideration on a stock exchange or otherwise up to such a number of fully paid-up common shares and/or preference shares in the Company's share capital as is permitted by law and the Articles of Association as per the moment of such acquisition for a price:

- (i) per common share which at such moment is within a range between the par value of a common share and 110% of the average of the highest share price per common share on each of the five trading days prior to the purchase date on respectively Euronext Paris, the New York Stock Exchange or Borsa Italiana, whichever average at such moment is the highest; and
- (ii) per preference share which is equal to the par value of a preference share increased with an amount equal to the accrued but unpaid dividend on such preference share per the relevant repurchase date calculated in accordance with article 37 paragraph 2 sub e of the Company's Articles of Association;

all subject to the approval of the Supervisory Board, until the conclusion of the 2022 AGM.

#### *Shareholders' information:*

During the 2020 AGM, the Managing Board, subject to the approval of the Supervisory Board, was authorized to repurchase shares for a period until the 2021 AGM. We propose to renew this authorization through the conclusion of the 2022 AGM. This authorization is requested to offer the Managing Board with the approval of the Supervisory Board the possibility to repurchase, when it is in the best interest of the Company's shareholders and other stakeholders for creating long term value, a number of fully paid-up ordinary and/or preference shares, within the limit of the Articles of Association (which is set at 10% of the Company's issued share capital).

### Agenda item 14 - Voting item

Delegation to the Supervisory Board of the authority to issue new common shares, to grant rights to subscribe for such shares and to limit and/or exclude existing shareholders' pre-emptive rights on common shares, until the conclusion of the 2022 AGM.

#### *Shareholders' information:*

To delegate to the Supervisory Board the authority to resolve: (i) upon the issuance of common shares in the Company's share capital or to grant rights to subscribe for common shares in the Company's share capital, up to a maximum of 10% of the Company's issued common share capital, as per 31 December 2020, but not exceeding the limits of the authorized share capital; (ii) upon the terms and conditions of an issuance of common shares; and (iii) upon limitation and/or exclusion of pre-emptive rights of existing shareholders upon

issuance of common shares or rights to subscribe for such shares, until the conclusion of the 2022 AGM.



## Annex A

The table below summarizes the full schedule for the quarterly dividends:

Quarter	Ex-dividend Date	Global Record Date	Payment Date in Europe	NYSE Payment Date: on or after	Transfer between New York and Dutch registered shares restricted:	
					From End of Business in Europe on:	Until Open of Business in NY on:
Q2 2021	21-Jun-21	22-Jun-21	23-Jun-21	29-Jun-21	21-Jun-21	23-Jun-21
Q3 2021	20-Sep-21	21-Sep-21	22-Sep-21	28-Sep-21	20-Sep-21	22-Sep-21
Q4 2021	13-Dec-21	14-Dec-21	15-Dec-21	21-Dec-21	13-Dec-21	15-Dec-21
Q1 2022	21-Mar-22	22-Mar-22	23-Mar-22	29-Mar-22	21-Mar-22	23-Mar-22

## **Annex B**

### Remuneration policy for the Managing Board

## **Annex C**

Presentation of the proposed new remuneration policy for the Managing Board