



STMICROELECTRONICS NV

MEETING DATE	Thu, 27 May 2021 11:00 am	TYPE	AGM	ISSUE DATE	Wed, 12 May 2021
MEETING LOCATION	Offices of the company at World Trade Center, Schiphol Boulevard 265, 1118 BH Schiphol, the Netherlands				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Semiconductors and related devices				
FYE	31 Dec 2020				

	PROPOSALS	ADVICE
1	Receive Report of Management Board (Non-Voting) Non-voting agenda item.	Non-Voting
2	Receive Report of Supervisory Board (Non-Voting) Non-voting agenda item.	Non-Voting
3	Approve the Remuneration Report It is proposed to approve the implementation of the remuneration policy. There are concerns regarding excess as the total variable remuneration exceeded 200% of the salary. The company has not fully disclosed quantified targets against which the achievements and the corresponding variable remuneration has been calculated. Although a common practice in this market as this is deemed to be sensitive information, it prevents an accurate assessment and may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. Triodos abstains on this resolution.	Abstain
4	Approve Remuneration Policy It is proposed to approve the remuneration policy. Variable remuneration appears to be consistently capped, although the pay-out may exceed 200% of the fixed remuneration for the highest paid director. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, the company has not disclosed quantified targets for performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. Triodos abstains on this resolution.	Abstain
5	Approve Financial Statements The financial statements were made available sufficiently before the meeting and have been audited and certified. Triodos supports this resolution.	For
6	Approve the Dividend The Board proposes a quarter dividend in cash of USD 0.06 per share. The dividend is covered by earnings. Acceptable proposal. Triodos supports this resolution.	For
7	Approve Discharge of Management Board Standard proposal.	For
8	Approve Discharge of Supervisory Board Standard proposal.	For
9	Reelect Jean-Marc Chery to Management Board Chief Executive.	For

- | | | |
|---|--|-------------------|
| 10 Approve Grant of Unvested Stock Awards to Jean-Marc Chery as President and CEO | <p>The Board proposes the approval of a new executive incentive plan. Under the plan, participants will be allotted 100,000 unvested shares. Performance criteria 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. Performance targets have not been quantified at this time, which makes an informed assessment impossible and may lead to (partial) payment against (partial) failure.</p> <p>LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute Company underperformance and long-term share price falls. They are also a significant factor in reward for failure.</p> <p>Triodos opposes this resolution.</p> | Oppose |
| 11 Approve Unvested Stock Award Plan for Management and Key Employees | <p>The Board proposes the approval of a new executive incentive plan. Under the plan, participants will be allotted shares or rights to 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. Performance targets have not been quantified at this time, which makes an informed assessment impossible and may lead to (partial) payment against (partial) failure.</p> <p>LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute Company underperformance and long-term share price falls. They are also a significant factor in reward for failure.</p> <p>Triodos opposes this resolution.</p> | Oppose |
| 12 Elect Nicolas Dufourcq - Vice Chair (Non Executive) | <p>Non-Executive Director. Not considered to be independent as he is CEO of the investment bank of the French State. The French State holds a significant shareholding of the company's share through STMicroelectronics Holding N.V. There is sufficient independent representation on the Board. Although there are concerns over potential aggregate time commitments, this director has attended all Board and committee meetings during the year under review. On aggregate support is recommended.</p> | For |
| 13 Authorise Share Repurchase | <p>It is proposed to authorise the Board to purchase Company's shares until next AGM.</p> <p>Triodos supports this resolution.</p> | For |
| 14 Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights | <p>Authority to issue shares without pre-emptive rights is proposed for less than 10% of the current share capital. The authority does not exceed 18 months.</p> <p>Triodos supports this resolution.</p> | For |
| 15 Allow Questions | <p>Non-voting agenda item.</p> | Non-Voting |
-

For Private Circulation only

©Copyright 2021 PIRC Ltd

Researcher: Francesco Navarrini
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority