

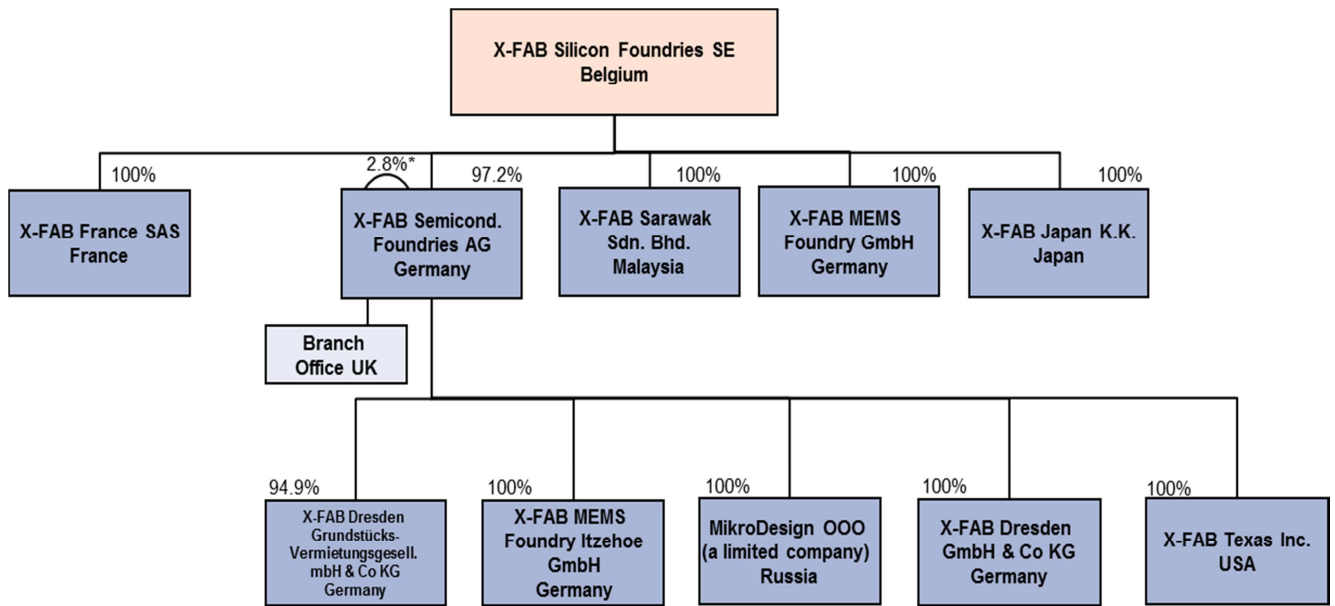
X-FAB Silicon Foundries SE Corporate Governance Charter

1 Introduction

This corporate governance charter (the “**Corporate Governance Charter**”) has been approved by the Board of Directors of X-FAB Silicon Foundries SE (the “**Company**”).

2 Shareholdings

2.1 Group structure



2.2 Main shareholders and shareholders’ agreement

The main shareholders of the Company are Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. As at 7 April 2017, Xtrion NV holds 61,141,179 shares in the Company and Sarawak Technology Holdings Sdn. Bhd. 18,248,694 shares. Xtrion NV is beneficially owned by Roland Duchâtelet, Rudi De Winter and Françoise Chombar. Sarawak Technology Holdings Sdn. Bhd. is a wholly owned subsidiary of the Malaysian State of Sarawak.

In addition, Xtrion holds a controlling interest in Melexis NV, the Company’s principal customer. The Company’s CEO, Rudi De Winter, one of the Company’s non-executive directors, Roland Duchâtelet, and the CEO of Melexis NV, Françoise Chombar (who is married to Rudi De Winter), are all shareholders and managing directors of Xtrion NV, and therefore indirectly a shareholder of both the Company and Melexis NV.

Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. have entered into a shareholders’ agreement as shareholders of X-FAB (the “Shareholders’ Agreement”). The Shareholders’ Agreement applies for as long as each of the shareholders holds more than 5% of the shares. The Shareholders’ Agreement addresses certain matters relating to the governance of X-FAB as well as the transfer of shares held by the parties to this Shareholders’ Agreement.

Pursuant to the terms of the Shareholders' Agreement, Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. agreed among them that each of them will have the right to appoint two directors on the board of directors. The Shareholders' Agreement provides for certain restrictions on the ability of Xtrion NV and Sarawak Technology Holdings Sdn. Bhd to transfer their Shares.

2.3 Notification of significant shareholdings

Pursuant to the Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions (the "**Transparency Law**"), a notification to the Company and to the FSMA is required by all natural and legal persons in the following circumstances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon their first admission to trading on a regulated market;
- the passive reaching of a threshold;
- the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
- where a previous notification concerning the voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where the Company introduces additional notification thresholds in the Articles of Association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at intervals of 5% or, as the case may be, the additional thresholds provided in the Articles of Association. The Company has not provided for any additional thresholds in the Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification.

No shareholder may cast a greater number of votes at a Shareholders' Meeting than those attached to the rights or securities that it notified in accordance with the Transparency Law at least 20 days before the date of the Shareholders' Meeting, subject to certain exceptions.

2.4 Related party transactions

Save for certain exempted decisions or transactions, Article 9 (1) c) (iii) of the SE Regulation *juncto* Article 524 of the Companies Code provides for a special procedure to apply when decisions or transactions of the Company concern relationships between the Company on the one hand, and affiliated companies of such company on the other hand, with the exception of relationships between the Company and its subsidiaries.

Any proposed related party transaction or arrangement falling within the scope of Article 524 of the Companies Code shall be submitted to a committee of three independent directors in accordance with those legal provisions and shall only be entered into after review by the committee.

The procedure must also be followed for decisions or transactions between the Company's subsidiaries on the one hand and affiliated companies of the subsidiaries on the other hand, with the exception of relationships between the Company's subsidiaries and such subsidiaries' subsidiaries. This special procedure is not required for decisions and transactions entered into in the ordinary course of business at usual market conditions or for decisions and transactions in value not exceeding 1% of the Company's consolidated net assets.

3 Board of directors

3.1 Powers and responsibilities of the Board

3.1.1 General

The Company has as European Company opted for a "one tier" governance structure whereby the board of directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company. The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's purpose, except for those actions that are specifically reserved by law or the Articles of Association to the Shareholders' Meeting or other management bodies.

In particular, the Board is responsible for:

- defining the general policy orientations of the Company and its subsidiaries;
- deciding all major strategic, financial and operational matters of the Company;
- overseeing the management by the Chief Executive Officer (the "CEO") and other members of the Executive Management Team; and
- all other matters reserved to the Board by the SE Regulation or the Companies Code.

The Board of Directors has delegated certain powers to the CEO and other members of the Executive Management Team (see Section 5).

3.1.2 Monitoring responsibilities

The Board shall in particular, among others:

- ensure that an internal control system and procedures are put in place, including an appropriate risk identification and management system and procedures to ensure legal compliance;
- monitor the functioning and adequacy of the internal control system and procedures, taking into account the review made by the audit committee;
- take the necessary measures to ensure the integrity of the financial statements;
- evaluate the performance of the Executive Management Team;
- monitor and review the effectiveness of the Board's committees;

- monitor the activities of the statutory auditor and the internal audit department, taking into account the review made by the audit committee;
- regularly review the business plan as prepared by the Executive Management Team, among others by (i) developing an in-depth knowledge of the business being served, (ii) understanding and questioning the plan's assumptions, and reaching an independent judgment as to the probability that the plan can be realised; and (iii) monitoring corporate performance against the strategic targets and business plan;
- review, approve and monitor the Company's financial objectives;
- decide on the appointment or removal of any member of the Executive Management Team;
- decide on the principles governing the remuneration of the CEO and of the other members of the Executive Management Team, including any share-based or other incentives (without prejudice to the powers of the Shareholders' Meeting, to the extent applicable);
- decide on any delegation of powers to the CEO and the other members of the Executive Management Team.

3.1.3 Information to the Board

The Board will take the necessary measures in order to ensure that it is informed on a regular basis on:

- the progress towards the implementation of the business plan;
- key business developments, key figures and key decisions of the Executive Management Team.

3.2 Composition of the Board

3.2.1 General

Pursuant to the Articles of Association, the Board of Directors must be composed of at least five members and may be composed of a maximum of nine members.

As of the date of this Corporate Governance Charter, the Board of Directors comprises eight members.

In accordance with the Corporate Governance Code, the term of office of directors does not exceed four years.

The appointment and renewal of directors is based on a recommendation of the Remuneration and Nomination Committee and is subject to approval by the Shareholders' Meeting.

3.2.2 Non-executive directors and independent directors

At least half of the directors are non-executive, and at least three directors are independent in accordance with the criteria set out in the Companies Code and the Corporate Governance Code.

This means that a candidate for an independent Board Member's seat must:

(i) not be an executive member of the board, or exercise a function as a member of the Executive Management Team, or as a person responsible for the daily management of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code), and not having been in such a position for the previous five years prior to the appointment;

(ii) not have exercised more than three consecutive mandates as non-executive director on the board of directors, nor whose total term has exceeded twelve years;

(iii) not be or have been a senior management employee (as defined in Article 19, 2° of the Law of 20 September 1948 on the organisation of industry ("*houdende organisatie van het bedrijfsleven*" / "*portant organisation de l'économie*") of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) during a period of three years prior to the appointment;

(iv) not receive or have received from the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) any remuneration or other significant advantage of a patrimonial nature, apart from any bonus or fee he/she receives or has received as non-executive director;

(v) (a) not hold 10% or more of the Company's share capital or of a specific category of shares of the Company;

(b) if he/she holds shareholder rights representing less than 10%: (i) these shareholder rights, together with the other shares in the Company held by companies that are controlled by the director in question, may not represent 10% or more of the Company's share capital or of a specific category of shares of the Company; (ii) he/she must not have entered into any contract or have given unilateral undertakings concerning the sale of these shares or the exercise of the rights attaching to these shares;

(c) not be representing, in any circumstances, a shareholder fulfilling the conditions covered under this point (v).

(vi) not have or have had in the past financial year a significant business relationship with the Company or an affiliate or related person (as defined in Article 11 of the Companies Code), either directly or as partner, shareholder, member of the board, member of senior management (as defined in Article 19, 2° of the Law of 20 September 1948 on the organisation of industry) of a company or person who maintains such a relationship;

(vii) not be or have been within the past three years, a partner or employee of the current or previous statutory auditor of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code);

(viii) not be an executive member of the board of another company in which an executive director of the Company has a seat as non-executive member of the board and not have other significant ties with executive directors of the Company through involvement in other companies or bodies;

(ix) not have close family members, i.e., spouse or partner that the candidate is officially registered as cohabiting with, or a second-degree family member, who are directors or members of the Executive Management Team or otherwise responsible for the daily management or members of the senior management (as defined in Article 19, 2° of the Law of 20 September 1948 on the organisation of industry) of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) or who fall under the provisions of (i) to (viii) above.

3.2.3 Diversity

As of the date of this Corporate Governance Charter, the Board of Directors comprises six male directors and two female directors. At the latest on 1 January 2023, at least one third of the directors will have to be of the opposite gender, in accordance with the rules of the Companies Code on newly listed companies.

3.2.4 Chairman of the Board of Directors

The Chairman of the Board of Directors and the CEO are not the same individual and the Chairman is a non-executive director.

The Chairman is responsible for the leadership of the Board. The Chairman takes the measures required to create a climate of trust within the Board, which contributes to an open discussion, constructive criticism and support for the decisions of the Board. He/she must ensure that the Board functions effectively and in line with the Articles of Association and the Corporate Governance Charter. In particular, the Chairman:

- coordinates the processes that govern the appointment or re-election of the members of the Board and the Board committees;
- plans the Board meetings. He/she draws up, in consultation with the CEO, the calendar and the agenda of Board and committee meetings. The Chairman is consulted reasonably in advance on all matters which the CEO wishes to submit to the Board;
- prepares, chairs and leads the Board meetings and ensures that the procedures relating to the preparation, the deliberations, the approval of resolutions and the implementation of decisions run smoothly. The Chairman ensures that the directors receive clear, timely, accurate information before the meetings to allow recipients enough time to review them and that all members of the Board receive the same information;
- oversees and ensures the quality of continuous interaction and dialogue at Board level;
- is responsible for providing the appropriate induction for newly appointed directors to ensure their swift contribution to the Board;
- chairs and leads the Shareholders' Meetings, either personally, with assistance, or through a designated other director, and ensures that they are conducted efficiently;
- represents and safeguards, in consultation with the CEO, the interests of the Company by maintaining contact with external constituencies and participating in external policy forums; and
- is consulted at an early stage on strategic initiatives of the CEO and the Executive Management Team.

3.2.5 Company Secretary

The Company Secretary appointed by the Board advises the Board on governance matters. He/she assists and advises the Chairman of the Board and the chairmen of the Board committees in exercising their general and specific roles and duties.

The core responsibilities of the Company Secretary include:

- reporting regularly to the Board of Directors, under the direction of the Chairman and with the support of the Company legal team;
- ensuring, under the direction of the Chairman, good information flow within the Board of Directors and its committees and between the Executive Management Team and non-executive directors;
- acting as secretary of the Board and the committees (including preparing minutes);
- facilitating induction and assisting with professional development within the Board of Directors;

Each director has direct access to the Company Secretary.

3.3 Functioning of the Board of Directors

3.3.1 Number of meetings and convening of the Board of Directors

In principle, the Board of Directors meets at least on a quarterly basis and whenever the interest of the Company so requires or at the request of two directors.

The convening notice must be sent in writing, or by any other means of communication leaving a material trace, at the latest two business days prior to the meeting, except in case of emergency, which is to be justified in the convening notice or in the minutes of the meeting. Each director may waive convocation. A director who is present or represented at the meeting shall be deemed to have been properly notified or to have waived convocation.

The meetings are held at the day, hour and place mentioned in the convening notice.

3.3.2 Attendance and quorum

Board members are expected to attend meetings regularly and in person, and to devote the necessary time to fulfil their responsibilities. If and when required, members can attend a meeting by video/phone conference or other means of communication which enables all persons participating in such meeting to hear each other in real time. Attendance in person should be preferred and attendance through other means of communication should remain the exception.

Any director may grant a proxy in writing or by any means of communication leaving a material trace, to another director in order to represent him/her at a specific meeting and to vote on his behalf. However, no director may hold a proxy for more than one director. Representation by proxy is considered as presence for the determination of the quorum.

Management presentations to the Board are generally made by the CEO, who can be assisted by other members of the Executive Management Team or other senior officers, if necessary and at the discretion of the CEO. The Board can also require any member of the Executive Management Team to be heard.

The Board of Directors can only deliberate and decide on matters stated on the agenda and only if at least half of its members are present or represented at the meeting. If this quorum is not met, a second meeting with the same agenda will be convened immediately. It must be held within 30 days following the first meeting and can decide validly, provided that at least three directors are present. The Board of Directors can only lawfully deliberate and decide on matters that are not stated on the agenda if all the members are present at the meeting and agree to this.

3.3.3 Deliberation, voting and minutes

The meetings of the Board are presided by the Chairman. If the Chairman is prevented from attending a meeting, the Board is presided by the eldest of the directors present or another non-executive director, as provided for in Article 20 of the Articles of Association.

The decisions of the Board of Directors are adopted by simple majority.

In the case of a tied vote, the director chairing the meeting has a casting vote.

Minutes are taken at every Board meeting. They contain a summary of the deliberations, specify the decisions that are adopted and mention any abstention or reservation of any director.

The minutes will be finally approved at the subsequent Board meeting.

The minutes are signed by the Chairman, the secretary of the meeting, usually the Company Secretary, and any directors who request to do so.

In exceptional cases, when urgent necessity and the Company's interest demand this, the Board of Directors' decisions can be adopted by unanimous written agreement by the directors. However, this procedure cannot be adopted for drawing up the annual accounts, or the utilisation of the authorised capital.

3.3.4 Committees of the Board

The Board of Directors has established two Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit Committee (in accordance with Article 899*bis juncto* 526*bis* of the Companies Code and Provision 5.2 of the Corporate Governance Code) and the Remuneration and Nomination Committee (in accordance with Article 899*ter juncto* 526*quater* of the Companies Code and Provisions 5.3 and 5.4 of the Corporate Governance Code). See Section 4.2 and 4.3 respectively.

3.4 Access to advisors

The Board, its Chairman and its committees may call on external independent advisers, experts, consultants and other Board members, at the Company's expense, if required for the performance of their tasks. The Chairman, assisted by the Company Secretary, is entrusted with the coordination thereof with a view to ensuring cost efficiency and avoiding duplication of efforts.

3.5 Evaluation

Under the lead of the Chairman, the Board shall regularly (on an annual basis) evaluate its scope, composition, performance and that of its committees, as well as the interaction with the executive management.

If need be, the Chairman shall propose the necessary measures to remedy any weaknesses of the Board or of any of its committees.

3.6 Conduct of the directors

3.6.1 Independence

Each Board member is required:

- to be guided exclusively by the overall purpose of the Board of the Company, which is to pursue the long-term success of the Company and to ensure that all decisions are made in the corporate interest of the Company;
- to maintain in all circumstances his/her independence of judgment, decision and action.

3.6.2 Conflicts of interest

(a) In general

Each Board member should arrange his/her personal and business affairs in such a way as to avoid conflicts of interest with the Company.

A director is not considered to have a conflict of interest within the meaning of this section merely on the basis of a mandate as director or any other function held by him/her with one of the shareholders of the Company or a company affiliated with a shareholder of the Company.

(b) Conflicting personal financial interest

Article 9 (1) c) (iii) of the SE Regulation *juncto* Article 523 of the Companies Code provides for a special procedure if a director of the Company directly or indirectly has a personal financial interest that conflicts with a decision or transaction that falls within the powers of the Board of Directors. The director concerned must inform the other directors before any decision of the Board of Directors is adopted and the statutory auditor must also be notified. For companies that are making or have made a public call on savings, such as the Company, the director thus conflicted may not participate in the deliberation or vote on the conflicting decision or transaction. The minutes of the meeting of the Board of Directors must set out the director's declaration of the conflict of interest, the nature of relevant decision or transaction, the financial impact of the matter on the Company, and justify the decision adopted. An excerpt of the minutes must be published in the Company's annual report. The report of the statutory auditor to the annual accounts must contain a description of the financial impact on the Company of each of the Board's decisions in matters where a conflict arises.

3.6.3 Transactions in shares of the Company

The directors shall fully comply with the Dealing and Disclosure Code (see Section 11).

3.6.4 Transactions and agreements between the Company and directors

Non-executive directors are not permitted to enter, either directly or indirectly, into agreements with the Company or any of its subsidiaries for the provision of paid services or goods, unless explicitly authorised by the Board of Directors. Such agreements must always be at arm's length.

3.6.5 Confidentiality

In order to facilitate open discussions in Board meetings, the directors (as well as the Company Secretary) undertake to maintain the confidentiality of information and deliberations, in accordance with and subject to legal requirements.

4 Board committees

4.1 General

The Board is assisted by two committees: the Audit Committee and the Remuneration and Nomination Committee. This section sets forth the terms of reference of such committees existing within the Board of Directors. Additional committees may be set up by the Board as it deems appropriate.

Each committee should regularly (at least every two or three years) review its terms of reference and its own effectiveness and recommend any necessary changes to the Board.

The appointment of committee members is based on (i) their specific competences and experience, in addition to the general competence requirements for Board members and (ii) the requirement that each committee possesses the competences and experience to perform its tasks. The duration of the appointment of a committee member may not exceed the duration of his/her directorship.

4.2 Audit Committee

4.2.1 Role and responsibilities

In accordance with Article 899bis *juncto* Article 526bis of the Belgian Companies Code and Article 19, §3 of the Articles of Association, the Board has set up an audit committee (the “**Audit Committee**”).

The Audit Committee advises the Board on accounting, audit and internal control matters, and shall, in particular:

- notify the Board of Directors of the outcome of the statutory audit of the financial statements and, where applicable, the consolidated financial statements and explain how the statutory audit has contributed to the integrity of financial reporting and which role the Audit Committee has played in that process;
- monitor the financial reporting process;
- review accounting policies and conventions;
- review the draft annual accounts and examine the proposed distribution of earnings and profits;
- review the quality of financial information furnished to the shareholders and the market;
- monitor and oversee the internal audit process, internal controls and risk management, including for the Company and its subsidiaries as a whole;
- propose candidates for the position of statutory auditor to be appointed by the Shareholders' Meeting;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the statutory auditor; and
- review the external audit process and review and monitor the independence of the statutory auditor and any additional services rendered by them.

The Audit Committee will meet at least four times a year.

At least twice a year, the Audit Committee will meet the statutory and internal auditors to discuss matters relating to terms of reference and any issues arising from the audit process, and in particular any material weaknesses in the internal control.

4.2.2 Composition

The Audit Committee consists of at least three members appointed for a term not exceeding that of their membership of the Board of Directors, all being non-executive directors and a majority of them being independent directors. The members of the Audit Committee have a collective expertise in the activities of the Company and at least one member is competent in accounting and auditing matters. The Board of Directors ensures that the Audit Committee has sufficient relevant expertise to fulfil its role effectively.

The Chairman of the Audit Committee is designated by the Board of Directors but shall not be the Chairman of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

4.3 Remuneration and Nomination Committee

4.3.1 Role and responsibilities

In accordance with Article 899ter *juncto* Article 526bis of the Belgian Companies Code and Article 19, §3 of the Articles of Association, the Board has set up a remuneration and nomination committee (the “**Remuneration and Nomination Committee**”).

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors, the CEO and the other members of the Executive Management Team and shall, in particular:

- identify, recommend and nominate, for the approval of the Board of Directors, candidates to fill vacancies on the Board of Directors and executive management positions as they arise. In this respect, the Remuneration and Nomination Committee shall consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the Board of Directors on any proposal for the appointment of the CEO and on the CEO’s proposals for the appointment of other members of the Executive Management Team;
- ensure that the appointment and re-election process is organised objectively and professionally;
- periodically assess the size and composition of the Board of Directors and make recommendations to the Board of Directors with regard to any changes;
- consider issues related to succession planning;
- make proposals to the Board of Directors on the remuneration policy for the non-executive directors and executive managers, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the Shareholders’ Meeting;
- make proposals to the Board of Directors on the remuneration of directors and executive managers, including variable remuneration and long-term incentives,

whether or not stock-related, in the form of stock options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;

- conduct performance reviews for the CEO and other members of the Executive Management Team;
- submit a remuneration report to the Board of Directors;
- provide explanations with respect to the remuneration report during the annual Shareholders' Meeting; and
- report regularly on the exercise of its duties to the Board of Directors.

The Remuneration and Nomination Committee will meet at least twice a year.

4.3.2 Composition

The Remuneration and Nomination Committee consists of at least three members, all being non-executive directors and a majority of them being independent directors, and has the necessary expertise in the field of remuneration policy. The Chairman of the Remuneration and Nomination Committee is designated by the Board of Directors and shall be either the Chairman of the Board of Directors or another non-executive director.

4.4 Functioning of the Board committees

4.4.1 Meetings

Meetings may be called with appropriate notice at any time when a recommendation is to be made to the Board that falls within the competence of the committee.

Meetings are held at the place and on the day and time indicated in the convening notice. In principle, the meetings are held at the registered office of the Company.

Committee members are expected to attend meetings regularly and in person, and to devote the necessary time to fulfil their responsibilities. If and when required, members can attend a meeting by phone conference or other means of communication.

The chairman of the committee prepares, chairs and leads the committee meetings and ensures that they are conducted efficiently and in accordance with the Articles of Association and the Corporate Governance Charter. The chairman ensures that written materials are distributed well in advance to allow recipients enough time to review them. The chairman ensures that all members of the committee receive the same information.

The Company Secretary assists in the organisation of the committee meetings. He/she acts as secretary of the committees and prepares the report and minutes on the findings and recommendations of the meeting.

4.4.2 Convening notices

Committee meetings are convened by the chairman of the committee.

Convening notices are made in writing (letter, courier, fax) or through any other means of communication that leaves a trace (e.g., e-mail) at least seven calendar days prior to the meeting, save in case of urgency warranting a shorter notice period (whereby such urgency must be justified in the convening notice).

Members may waive the benefit of the convening notices. In any event, members who are present or represented at a meeting are considered to have been validly convened for the meeting and to have waived the convening requirement.

The convening notices contain the agenda of the meeting in sufficient detail. In principle, available (draft) documents that are placed on the agenda and accompanying documents and advice will be sent to the members simultaneously with the convening notice.

The convening notices must contain a complete committee file.

4.4.3 Quorum

For a committee meeting to be valid, at least half of the members must be physically present.

4.4.4 Majority requirement

All recommendations of the committee are adopted by a majority of the votes cast.

4.4.5 Minutes

Minutes are taken at every committee meeting. They contain a summary of the deliberations, specify the decisions that are adopted (i.e. the recommendations to the Board) and mention any abstention or reservation of any committee member.

After each committee meeting, the Board shall receive a report from the committee on its findings and recommendations.

5 CEO and Executive Management Team

5.1 CEO

The CEO is appointed and removed by the Board of Directors.

The CEO is vested with the day-to-day management of the Company and the execution of the resolutions of the Board. In addition, he/she exercises the special and limited powers assigned to him/her by the Board. Within that framework, he/she has direct operational responsibility for the Company.

The CEO reports regularly to the Board.

Within the limits of the powers granted to him/her by or pursuant to the Articles of Association, the CEO may delegate special and limited powers to any persons within the Company. He/she may allow sub-delegation of these powers. The CEO informs the Board of the powers which are delegated by him/her.

The CEO leads the Executive Management Team, which reports to him/her, within the framework established by the Board of Directors and under its ultimate supervision.

5.2 Executive Management Team

The operational management of the Company is provided by the Executive Management Team under the leadership of the CEO and in accordance with the general policy orientations of the Company determined by the Board of Directors and under its ultimate supervision. The Executive Management Team exercises the duties assigned to it by the Board.

The Executive Management Team is composed of the CEO, who chairs the Executive Management Team and the CFO, CTO, COO and the site managers of X-FAB France, X-FAB Sarawak, X-FAB Texas and X-FAB Dresden. Other members of the Executive Management Team are appointed and removed by the Board of Directors after having received the advice of the CEO and the Remuneration and Nomination Committee.

5.3 Transactions and agreements between the Company and the executive management

The CEO and members of the Executive Management Team are not permitted to enter, either directly or indirectly, into agreements with the Company or any of its subsidiaries for the provision of paid services or goods, unless explicitly authorised by the Board of Directors. Such agreements must always be at arm's length.

6 Remuneration of directors and members of the Executive Management Team

The remuneration of the directors is determined by the Shareholders' Meeting. The remuneration of the CEO and the other members of the Executive Management Team is determined by the Board of Directors.

Details of the remunerations of directors, the CEO and the other members of the Executive Management Team are published each year in the remuneration report, which forms part of the annual report.

7 Senior Management

The CEO may appoint certain senior officers that will assist him and the Executive Management Team with the practical implementation of the day-to-day management (the "**Senior Management**" and each a "**Senior Manager**").

8 Shareholders' Meetings

8.1 General

Each year, the ordinary meeting of shareholders is held on the last Thursday of April at 2 pm, at the registered office or at any other place designated by the convening notice. If such day is a legal public holiday in Belgium, the meeting shall take place at the same hour on the following working day.

The other shareholders' meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than the registered office.

8.2 Notices convening the Shareholders' Meeting

The annual, special and extraordinary Shareholders' Meetings may be convened by the Board of Directors or by the statutory auditor and must be convened at the request of shareholders representing 10% of the Company's share capital.

Holders of registered shares must receive written notice of the Shareholders' Meeting by regular mail at least 30 days prior to the meeting, unless they have individually agreed in writing to receive notice through other means of communication.

The Company must also publish a notice of the meeting in the Belgian State Gazette (*"Belgisch Staatsblad"/"Moniteur belge"*), in a newspaper with national distribution¹ and in media that can be reasonably considered having effective distribution with the public in the European Economic Area and that is swiftly accessible, and in a non-discriminatory manner. The notices are published at least 30 days prior to the meeting. If the meeting needs to be convened anew for lack of quorum and the date of the second meeting was mentioned in the first notice, then, in the absence of new agenda items, notices are published at least 17 days in advance of that second meeting.

8.3 Formalities to attend the Shareholders' Meeting

A shareholder wishing to attend and participate in the Shareholders' Meeting must:

- have the ownership of its shares recorded in its name, as at midnight Central European Time, on the fourteenth calendar day preceding the date of the meeting (the "record date") either through registration in the shareholders' register in the case of registered shares or through book-entry in the accounts of an authorised account holder or clearing institution in the case of dematerialised shares; and
- notify the Company (or the person designated by the Company) by returning a signed original paper form or, if permitted by the Company in the notice convening the Shareholders' Meeting, by sending a form electronically (in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the sixth calendar day preceding the day of the meeting, of its intention to participate in the meeting, indicating the number of shares in respect of which they intend to do so. In addition, the holders of dematerialised shares must, at the latest on the same day, provide the Company (or the person designated by the Company), or arrange for the Company (or the person designated by the Company) to be provided with an original certificate issued by an authorised account holder or a clearing institution certifying the number of shares owned on the record date by the relevant shareholder and for which it has notified its intention to participate in the meeting.

Holders of profit-sharing certificates, non-voting shares, bonds, subscription rights or other securities issued by the Company, as well as holders of certificates issued with the cooperation of the Company and representing securities issued by the latter, may participate in the Shareholders' Meeting insofar as the law or the Articles of Association entitle them to do so and, as the case may be, give them the right to participate in voting. If they propose to participate, such holders are subject to the same formalities concerning admission and access, and forms and filing of proxies, as those imposed on shareholders.

8.4 Voting by proxy

Any shareholder with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him/her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically

¹ Except for those Annual Shareholders' Meeting which take place at the location, place, day and hour indicated in the Articles of Association and whose agenda is limited to the approval of the annual accounts, the annual reports of the Board of Directors and the statutory auditor, discharge to be granted to the directors and statutory auditor, the remuneration report and termination provisions.

(in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law), through a form to be made available by the Company. The signed original paper or electronic form must be received by the Company at the latest on the sixth calendar day preceding the meeting. Any appointment of a proxy holder must comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

8.5 Remote attendance

When such possibility is provided for in the convening notice and subject to the conditions and formalities included therein, shareholders that comply with the conditions set out in Article 8.3 may participate to the shareholders' meeting by means of telecommunication. The convening notice describes the resources used by the Company to identify the shareholders which participate in the meeting by means of telecommunication.

8.6 Remote voting in relation to the Shareholders' Meeting

The convening notice may allow shareholders to vote remotely in relation to the Shareholders' Meeting, by sending a paper form or, if specifically allowed in the convening notice, by sending a form electronically (in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law). These forms are to be made available by the Company. The original signed paper form must be received by the Company at the latest on the sixth calendar day preceding the date of the meeting. Voting through the signed electronic form may occur until the last calendar day before the meeting.

The Company may also organise a remote vote in relation to the Shareholders' Meeting through other electronic communication methods, such as through one or several websites. The Company must specify the practical terms of any such remote vote in the convening notice.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

8.7 Right to request items to be added to the agenda and ask questions at the Shareholders' Meeting

One or more shareholders that hold together at least 10% of the Company's share capital may, in accordance with applicable provisions of the SE Regulation and the Companies Code, request for items to be added to the agenda and may submit resolution proposals with regard to existing agenda items or new items to be added to the agenda provided that they prove holding of such shareholding as at the date of their request by, as far as registered shares are concerned, a certificate evidencing the registration of the shares in the register of shares of the Company or, as far as dematerialised shares are concerned, by a certificate issued by an authorised account holder or a clearing organisation certifying the book-entry of the shares in one or several accounts held by such account holder or clearing organisation.

Such right shall not be available in relation to a second extraordinary shareholders' meeting that is convened for lack of a quorum at the first extraordinary shareholders' meeting.

The new agenda items and/or resolution proposals must be sent to the Board of Directors in signed original paper form or electronically (in which case the form shall be signed by

means of an electronic signature in accordance with applicable Belgian law), at the latest 48 hours after acknowledgment of the convocation by receipt of the registered letter or through the publication in the media. The Company shall publish a revised agenda at the latest on the eighth calendar day preceding the date of the meeting.

The handling of such new agenda items and/or resolution proposals during the meeting is subject to the relevant shareholder(s) having satisfied, with respect to shares representing at least 10% of the capital, the conditions set forth in Article 8.3.

8.8 Questions

The Chairman of the Shareholders' Meeting will lead the meeting in such a manner that there will be sufficient time to answer questions that shareholders may have relating to the Annual Report, special reports and/or the items on the agenda.

8.9 Quorum and majorities

In general, there is no attendance quorum requirement for a general Shareholders' Meeting, except as provided for by law in relation to certain decisions. Except as otherwise required by the Companies Code, all resolutions of the Shareholders' Meeting including those relating to the amendment of the Articles of Association shall be adopted by a majority of the votes cast.

Matters involving special legal quorum and majority requirements include, among others, issues of new shares, convertible bonds or warrants and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and a majority of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum will apply. The special majority requirements, however, remain applicable.

8.10 Minutes

The minutes of the Shareholders' Meeting are signed by the members of the bureau and by the shareholders who wish to do so. These minutes, drafted in accordance with the Companies Code, are recorded or kept in a special register.

The copies or extracts destined for third parties are signed by the Chairman of the Board of Directors, by the Chief Executive Officer, by two directors, or by the secretary of the meeting, usually the Company Secretary.

8.11 Adjournment

Irrespective of the items on the agenda, the Board of Directors may, during the Annual Shareholder's meeting, adjourn the decision with respect to the approval of the Annual Accounts or any other decision. It can use the right at any time, but only after the opening of the meeting. Its decision, which does not have to be justified, must be notified to the Shareholders' Meeting before the end of the meeting, and mentioned in the minutes. Save a decision by the Shareholders' Meeting to the contrary, such adjournment shall not cancel the other decisions taken during the meeting. The Shareholders' Meeting shall be held again within five weeks and with the same agenda. Shareholders wishing to participate in such meeting shall fulfil the admission conditions set out in Article 8.3. To this effect, a record date shall be set on the fourteenth calendar day at midnight Central European Time preceding the date of the second meeting.

9 Statutory auditor

The financial position, annual accounts and compliance with the law and the articles or transactions required to be disclosed in the annual accounts shall be audited by one or more statutory auditors, who may be natural or legal persons, appointed by the Shareholders' Meeting.

The statutory auditor(s) shall hold office for renewable periods of three (3) years.

The appointment of retiring auditor(s) which have not been re-appointed shall terminate immediately after the closing of the annual Shareholders' Meeting.

The statutory auditor(s) shall be remunerated by a fixed fee determined by the Shareholders' Meeting at the beginning of his/her/its (their) mandate and which may be changed only by agreement between the parties.

10 Compliance Officer

A Compliance Officer is appointed by the Board of Directors to ensure that, on the basis of information communicated to him/her, the laws and regulations within the framework of Corporate Governance are complied with, including the internal regulations and policies, the Dealing and Disclosure Code and the Corporate Governance Charter of the Company.

11 Dealing and disclosure code

The Company has established a Dealing and Disclosure Code (the "**Code**"). Its key features are summarised below.

The purpose of the Code is, among others, to ensure that directors, members of the Executive Management Team, Senior Managers and senior executives who have regular access to inside information and power to take managerial decisions affecting the future developments and business prospects of the Company ("**Persons Discharging Managerial Responsibilities**") do not misuse or place themselves under suspicion of misusing certain price sensitive information ("**Inside Information**" as further defined in the Code). Certain obligations are also imposed on persons closely associated with them (such as certain of their relatives or entities controlled by them).

The restrictions and obligations set out in the Code are in line with and, for certain aspects, go beyond the requirements of the European Market Abuse Regulation.

Accordingly, dealings in shares of the Company (or any other financial instruments of the Company or any derivative instruments relating to such shares or other financial instruments) by any persons are prohibited when they use Inside Information in connection with such dealings. In addition, Persons Discharging Managerial Responsibilities may not conduct any transactions relating to shares or other financial instruments of the Company or linked thereto during a Closed Period or a Prohibited Period, unless prior written approval from the Compliance Officer has been obtained in certain limited and specific circumstances.

A "**Closed Period**" is a period of 30 calendar days before the announcement of the following financial information:

- (i) the annual communiqué;
- (ii) the half-year results,

and ending at the close of the day during which any such announcement has been made.

A Closed Period also means the period starting at the time of the announcement of Inside Information by the Company and ending at the close of the day during which any such announcement has been made.

A “**Prohibited Period**” means any period that the Compliance Officer has determined is a sensitive period, given developments occurring at the Company at that time.

Persons Discharging Managerial Responsibilities have the obligation to inform the Compliance Officer in advance in case of trading outside of the Closed Periods and Prohibited Periods, subject to certain exceptions set out in the Code.

In addition, Persons Discharging Managerial Responsibilities and persons closely associated with them must notify the Compliance Officer and the FSMA promptly of all transactions (once the total amount of such transactions has reached a threshold of EUR 5,000 within one calendar year), conducted by them or on their behalf, relating to shares or any other financial instruments of the Company as defined in the Code, as further set out, and without prejudice to certain exceptions defined, in the Code or in the European Market Abuse Regulation. Persons Discharging Managerial Responsibilities and persons closely associated with them also have the option of authorising the Company to make such notifications to the FSMA on their behalf. All notifications will be published on the website of the FSMA.

The Code also contains provisions to maintain the confidentiality of Inside Information and ensure that such information is only disclosed in accordance with applicable law.

12 Review of the Corporate Governance Code

The Board of Directors of the Company will review the Corporate Governance Charter at regular intervals and adopt any changes deemed necessary and appropriate.

The Company is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of 12 March 2009 (the “**Corporate Governance Code**”) as a reference code. The Corporate Governance Code is based on a “comply or explain” approach. Listed companies should follow the Corporate Governance Code, but may deviate from those of its provisions which are not otherwise contained in the Companies Code, provided that they disclose the justification for any such deviation in the annual corporate governance statement included in the annual report.

The Board of Directors intends to comply with the Corporate Governance Code except in respect of the following and subject to change:

- certain members of the Executive Management Team are entitled in certain circumstances to severance pay higher than 12 or 18 months of remuneration, in deviation of provision 7.18 of the Corporate Governance Code, to comply with local law requirements; and
- the level of shareholding for the submission of proposals to the shareholders’ meeting is, in accordance with the rules applicable to a Societas Europaea such as the Company, set at 10% of the share capital, while provision 8.8 of the Corporate Governance Code recommends that this level should not exceed 5%.