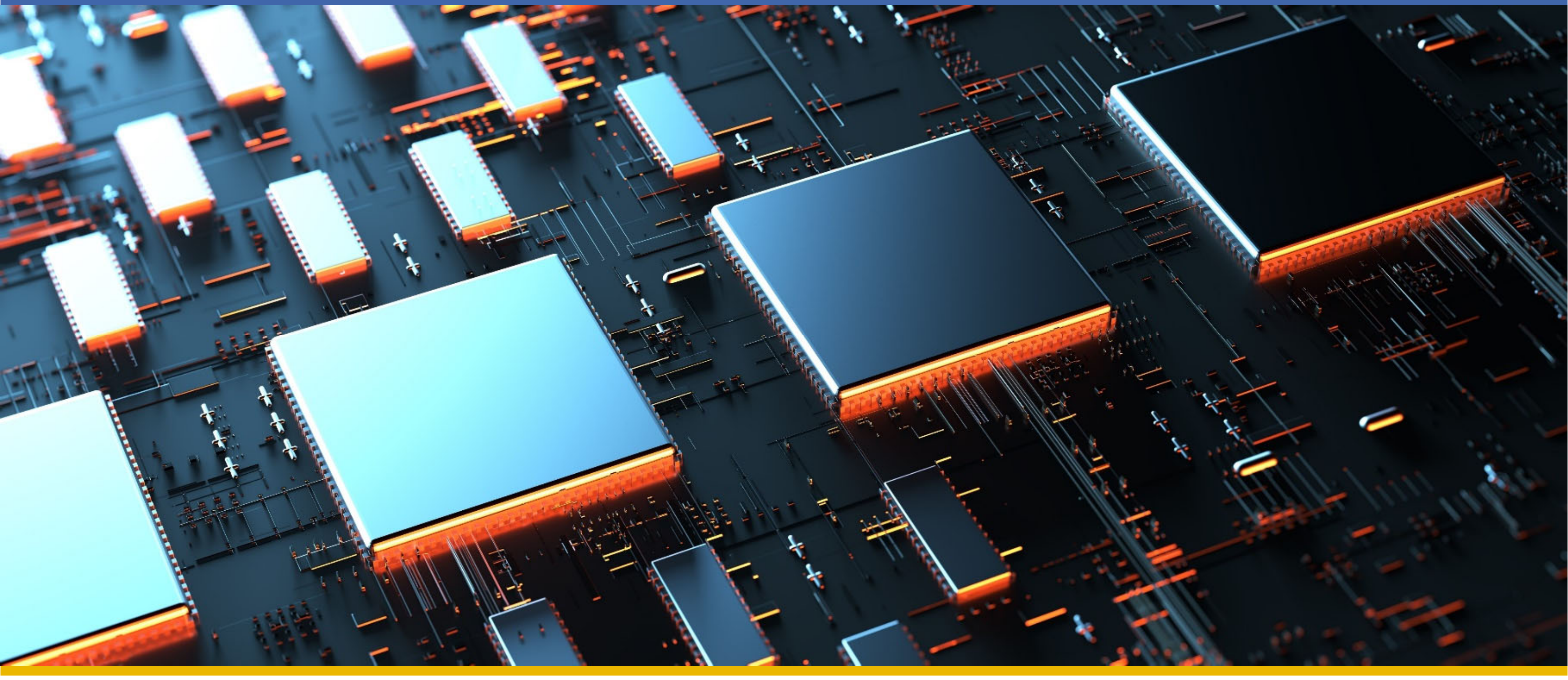


STMicroelectronics (Bristol) Retirement Benefit Scheme

Contents

Current Board of Trustee Directors:

Welcome to the latest edition of the Trustee's newsletter for members of the STMicroelectronics (Bristol) Retirement Benefit Scheme ("the Scheme").

In the following pages we have included the usual round up of information providing an update on the Scheme. This covers the recent member nominated director process, Scheme funding updates, a review of the Scheme's investment performance, a summary of the money in and out of the Scheme and wider pensions news.

This year we welcomed a Professional Independent Trustee onto the Trustee Board and provide more information on this appointment on page 1.

Meanwhile, in normal Scheme business, the triennial actuarial valuation of the Scheme as at 31 March 2020 has been completed. We include a summary of the results of this valuation on pages 2 and 3. We also include the results of the annual funding update for the Scheme at 31 March 2021 on page 4.

Markets were particularly volatile as a result of the emerging COVID-19 pandemic when we last updated members on the investments at 31 March 2020. On page 5 we provide information on how they have subsequently performed to 31 March 2021.

This communication is intended to help you, as a member of the Scheme, understand what's happened in the Scheme over the last year. You do not need to take any action unless you have any comments, suggestions or questions for the Trustee or you would like to update your details or your nomination for who should receive benefits in the event of your death.

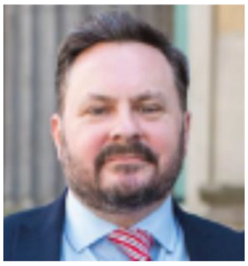
If you would like to get in touch, a summary of contact details can be found on the back page of the newsletter or you can email the Scheme's Administrators at STMPensions@isio.com.

For and on behalf of the Directors of the STMicroelectronics (Bristol) Pension Trust Limited

December 2021

Update on the Trustee Board

Greig McGuinness



As Trustee Directors, whether Member Nominated or Company Appointed, we are all appointed to represent Scheme members. As such, we all have equal functions and responsibilities for the Scheme and the party that we are appointed by does not affect this role.

Each Trustee Director has a legal duty to act in the best interests of all members of the Scheme. This is a role that we take very seriously and we remain as committed as ever to serving the Scheme and its members.

Welcoming Dalriada Trustees

Diane O'Lone, who has been a Company Appointed Trustee Director since September 2020, has stepped down from the Board. We are pleased to tell you that Dalriada Trustees Limited ('Dalriada') have subsequently been appointed to the Trustee Board as a Company Appointed Director. Dalriada are independent professional trustees and will be represented by Greig McGuinness. Their appointment started with effect from October 2021.

An independent trustee does not have any personal connection to the Scheme, e.g. they are not a member of the Scheme nor do they have any involvement with the sponsor. This can be helpful in ensuring objectivity in decisions made by the Trustee.

Established in 2003, Dalriada work with over 230 pension schemes ranging in size from less than £5 million to over £20 billion. Greig himself is an experienced Accredited Professional Trustee and Associate of the Pensions Management Institute. A professional trustee is able to dedicate more time to understanding the pensions industry and current issues affecting pensions. This helps improve the level of knowledge and understanding on the Trustee board which will help maintain good governance of the Scheme.

Like all Trustee Directors, Dalriada Trustees are appointed to represent Scheme members' best interests.

Outcome of the July 2021 Member Nominated Director ("MND") process

As previously communicated, the Trustee's Member Nominated Directors ordinarily each serve for an agreed fixed term, although they may choose to stand for re-election at the end of this term. The term of office for Ian Pearson expired on 31 October 2021. In July, a notice was sent to all members of the Scheme asking for nominations for this MND position. The closing date for nominations was 31 August 2021.

We received no nominations for this MND position. We are now re-opening nominations until Friday 28 January 2022 and a separate letter is included with this newsletter requesting nominations. While this process is ongoing, the Trustee have agreed to extend Ian's term as a Director until February 2022.

Thank you to Ian Pearson and Diane O'Lone

As we welcome Dalriada Trustees, we also say goodbye to Ian Pearson and Diane O'Lone.

Ian has been working as a Trustee Director since November 2017. Ian has approached his role as a Trustee Director with rigour and regularly brought constructive challenges to the Board's discussions, always applying his professional experience to management of the Scheme.

We also thank Diane O'Lone for her work as a Trustee Director on the Board since September 2020. Although Diane was not with us long, we are grateful for the efforts she made in getting up to speed and being active in the role.

We would like to thank Ian and Diane for all their hard work and wish them well for the future.

2020 Actuarial Valuation

At least once every three years, our appointed independent pension professional, known as an **Actuary**, investigates whether there is enough money in the Scheme to pay for all the pension benefits that have been built up. This review is called an **actuarial valuation.**

As part of the valuation, the Actuary compares the amount of money that is already held in the Scheme (known as the value of the assets) and the amount of money estimated to be needed to pay out all of the pensions already built up (known as the value of the liabilities).

The value of the assets is a known amount equal to the value of all the money, stocks, shares and bonds actually held in the Scheme.

Most members' pensions are not due to be paid for many years. So to estimate the value of the liabilities, the Actuary must make some assumptions about what is going to happen before then. These assumptions include estimating:

- How long pensions will be paid for (i.e. members' life expectancies);
- How much the Scheme's assets will increase by in the future; and
- How much prices will increase in the future, known as inflation.

UK legislation provides a framework that the Actuary must work within to determine the assumptions, and the assumptions must be agreed with the Scheme's sponsor, STMicroelectronics (Research and Development) Limited ("the Company").

If the Scheme's assets at the valuation date are larger in value than the estimated value of the Scheme's liabilities, there is said to be a surplus. Alternatively, if the assets are worth less than the estimated liabilities, there is said to be a deficit.

Results of the 31 March 2020 Actuarial Valuation

You may remember that in 2011 we set a long-term strategy. This strategy aimed to be in a position by 2030 to have:

- Enough money in the Scheme to be able to pay all expected future pensions without the need for further support from the Company, and
- An investment strategy with a low risk portfolio.

This strategy remains in place and underpins the 2020 actuarial valuation.

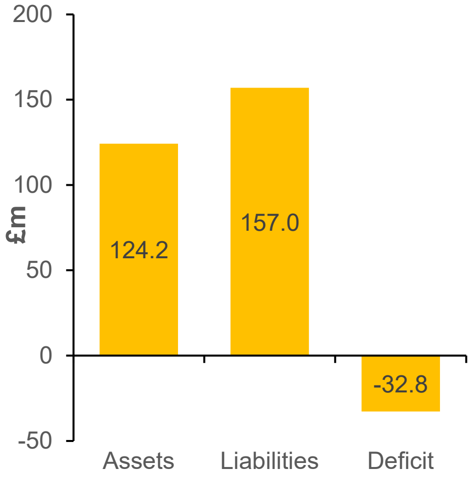
This means that the Company has agreed to pay sufficient contributions such that there is a low risk we will ever need to call on further funds from the Company after 2030.

Over time, we will continue to transition the Scheme's assets into lower risk investments in line with the long-term strategy.

At 31 March 2020, the Actuary estimated that an extra £32.8m is needed to be able to pay everyone's pensions as they become due, including an extra margin for prudence.

The valuation results shown in the diagram opposite are for the DB section only and exclude the value of Additional Voluntary Contributions (AVCs) paid by members.

Funding position as at 31 March 2020



Source: Isio Calculations

2020 Actuarial Valuation (cont.)

A full actuarial valuation of the Scheme must be carried out at least once every three years.

The next full actuarial valuation is due on 31 March 2023, when the contribution requirements will be reviewed.

Why has the funding position changed?

The previous annual funding update for the Scheme at 31 March 2019 showed a shortfall of £41.2m which equated to the Scheme's assets covering 74% of the value of the Scheme's funding liabilities at the same date.

The Scheme received £4.26 million in contributions from the Company over the year to 31 March 2020 towards reducing this shortfall, in line with the agreement reached as part of the 31 March 2017 actuarial valuation.

Market conditions had deteriorated significantly at 31 March 2020 as a result of the shock to markets caused by the emerging COVID-19 pandemic. This significantly increased the value placed on the liabilities under the 2017 actuarial valuation's approach to making assumptions about the future.

As part of the 31 March 2020 valuation, the Trustee reviewed how the assumptions were set. Expectations around future life expectancies have reduced compared to at the time of the 2017 valuation. Also, the industry's view of an appropriate level of prudence to include in future investment return assumptions suitable for a low risk strategy, of the type the Scheme is looking to operate, has also reduced. Both these factors reduced the value placed on the liabilities at 31 March 2020.

Is the deficit going to be paid off?

The Trustee and Company have agreed a new Recovery Plan to remove the deficit in the Scheme. Following the date of the valuation, financial markets recovered significantly and the funding position of the Scheme materially improved. As this was known when the Trustee and Company were discussing how to remove the shortfall, this improvement was allowed for in this Recovery Plan. This is an approach the Pensions Regulator has been supportive of for Scheme's with valuation dates at 31 March 2020.

This new agreement retains the current level and structure of contributions, but they will be paid for an additional 3 months which is until 31 August 2024.

The Company is paying annual contributions of £4.09 million in the year to 31 March 2022 which will then increase each subsequent year in line with the Consumer Price Index. In addition to this amount, an annual allowance of £260,000 is paid to cover the expected expenses of running the Scheme. The Company also continue to pay the Scheme's Pension Protection Fund (PPF) levies in full. These contributions will be paid until August 2024, by which time the deficit should be eliminated.

31 March 2021 Funding Update

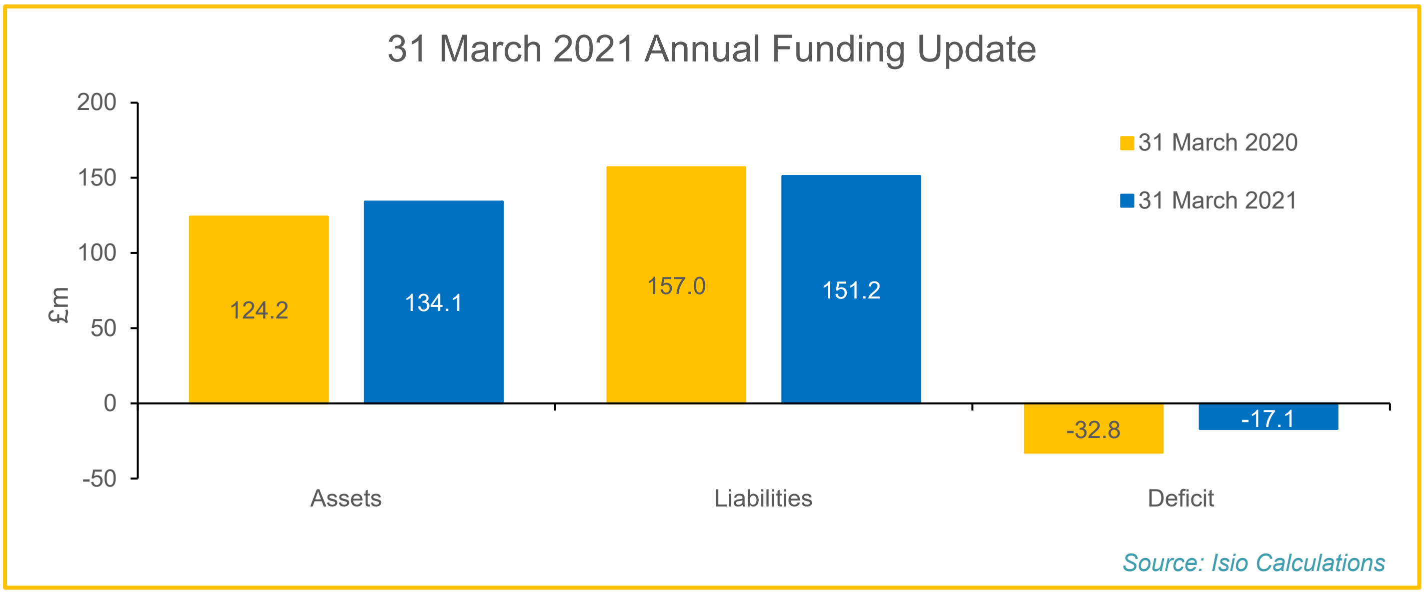
Financial Position as at 31 March 2021

In years where there is not a full actuarial valuation, the Scheme Actuary reviews the financial position of the Scheme, so that we can understand how changes in market conditions are affecting the Scheme. This page explains the Scheme's financial position following our Actuary's annual update as at 31 March 2021.

Members' benefits were not valued individually as was done for the full valuation at 31 March 2020, but instead the results of the valuation as at 31 March 2020 were updated in an approximate way to 31 March 2021. The adjustments allow for the effects of changes in financial assumptions due to changing market conditions as well as material known events (and the passage of time).

Our Actuary's assessment of the Scheme as at 31 March 2021 showed that we need an extra £17.1m to be able to pay everyone their benefits in the future with sufficient likelihood to meet our funding objectives set out previously. This represents a funding level of 89%.

This represents a significant improvement in the funding position since the 31 March 2020 valuation.



The funding position improved from a deficit of £32.8m at 31 March 2020 to a deficit of £17.1m as at 31 March 2021.

We've seen assets perform very strongly since the valuation date of 31 March 2020, which coincided with the outbreak of the COVID-19 pandemic and subsequent short-term market crash. Additionally, the Company has continued paying in contributions at the agreed rate of £4.3m for this Scheme year.

Market conditions have also improved over the year and so we expect our assets will return more in the future than was the case at the 31 March 2020 valuation. This reduces the value placed on the liabilities. This has been partially offset by the increase in expectations of future price inflation.

Funding Update (cont.)

It should be noted that the Trustee is not aiming for the Scheme to be fully funded on this basis nor is the Trustee considering buying out any of the Scheme's DB pensions with an insurer.

The cost of insuring members' benefits

Whilst we think the Company will be able to pay more money into the Scheme in the future, if it can't, we may need to consider transferring the Scheme's assets to an insurance company, who would then be responsible for paying members' benefits. This is normally a more expensive way to pay benefits because insurance companies that take over responsibility need more money to allow for their costs, profits and the additional risks they are taking on.

At the time of the last full actuarial valuation at 31 March 2020, our Actuary estimated that we would have needed an additional £81.8 million on top of our assets to insure all of our members' benefits with an insurance company.

We do not carry out this calculation between formal valuations but will update this figure as part of the 31 March 2023 actuarial valuation.

We provide this information so that you fully understand the pension benefits that you could get in all situations. Please note, however, that this does not mean that we think the Company is likely to cease to exist.

Compensation from the PPF

In the event of the Scheme having to be wound up because the Company became insolvent, and if the Scheme had insufficient assets to provide a certain minimum level of benefits for members, compensation might be provided by the PPF. In this circumstance, the compensation payable by the PPF may be less than your Scheme pension.

Details on the compensation that could be paid can be found at:

www.pensionprotectionfund.org.uk

or you can call the PPF on 0345 600 2541. Please note the PPF is not accepting post at this time.

By law, we are required to confirm whether any payment has been made to the Company out of the Scheme's assets since the last summary funding statement (i.e. newsletter). We must also tell you if the Scheme has been modified by The Pensions Regulator or whether The Pensions Regulator has made any directions regarding the Schedule of Contributions or how Scheme benefits are valued.

We can confirm that none of these events have occurred.

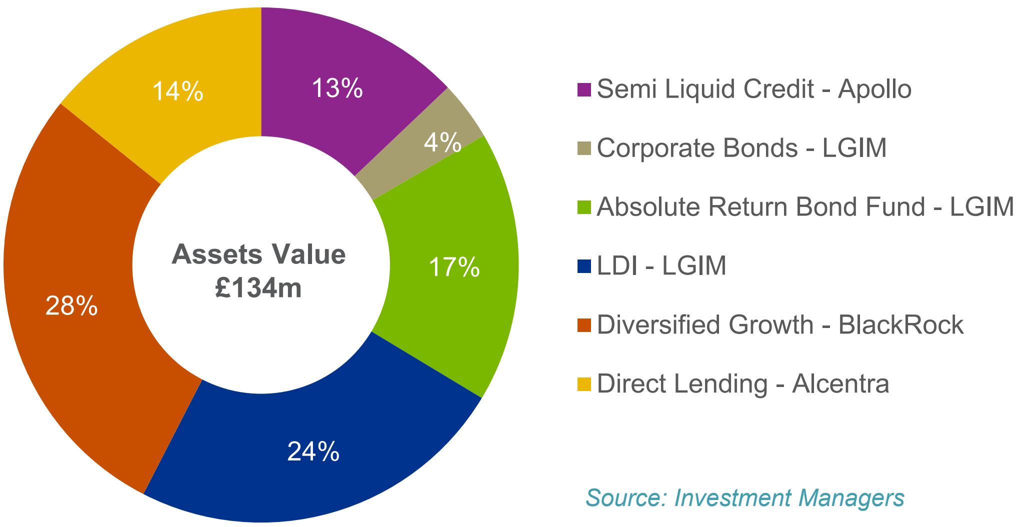
Investment update

The Scheme assets

The management of the money the Scheme holds to pay everyone's benefits (known as the Scheme's assets) is the responsibility of the Trustee Board. This includes deciding where best to invest the Scheme's assets in a responsible and efficient manner. Because the Trustee Directors are not financial experts, we employ a number of investment professionals to help us with day-to-day and longer term investment decisions.

The assets of the Scheme are invested with the goal of making sure there is enough money to be able to pay all of the benefits required by the Scheme's Rules in the future. The Trustee aims to achieve this by placing the Scheme's assets in investments that we expect will increase in value in the future but will not expose the Scheme to too much risk.

Asset Distribution as at 31 March 2021



Source: Investment Managers

Liability Driven Investment (LDI) – a risk management technique aimed at managing interest rate and inflation risk faced by pension schemes. LDI investment managers typically use a combination of government bonds and derivatives to gain sufficient exposure to interest rates and inflation, such that the value of the assets move in line with changes in the liability value resulting from investment return and long term expectation of inflation assumptions changing.

Direct Lending – refers to loan investments made directly by an investment manager on behalf of a fund to a portfolio of borrowers, typically medium sized businesses. As banks have reduced lending, institutional investors like pension schemes have the opportunity to step into the role traditionally played by banks and capture the attractive returns for providing finance in private markets.

Semi Liquid Credit – A semi liquid credit strategy aims to fill the gap in terms of risk, return and liquidity between the illiquid and liquid credit areas that pension schemes typically invest in. Investment managers will combine relatively liquid asset classes, such as High Yield Bonds, with illiquid asset classes such as Real Estate Debt. Investment managers have a high degree of flexibility in terms of strategies and allocations.

Absolute Return Bonds – funds invest in a wide range of credit asset classes. They are designed to be flexible to changes in market opportunities, diversified across multiple sub asset classes within credit as well as geographies, while providing better protection than traditional bond funds against rising interest rates or widening credit spreads

Diversified Growth Funds - Diversified growth funds invest in a range of different asset classes through a single investment vehicle. They aim to create an investment portfolio that seeks returns in line with that achieved on stocks and shares, but with lower risk of significant investment losses.

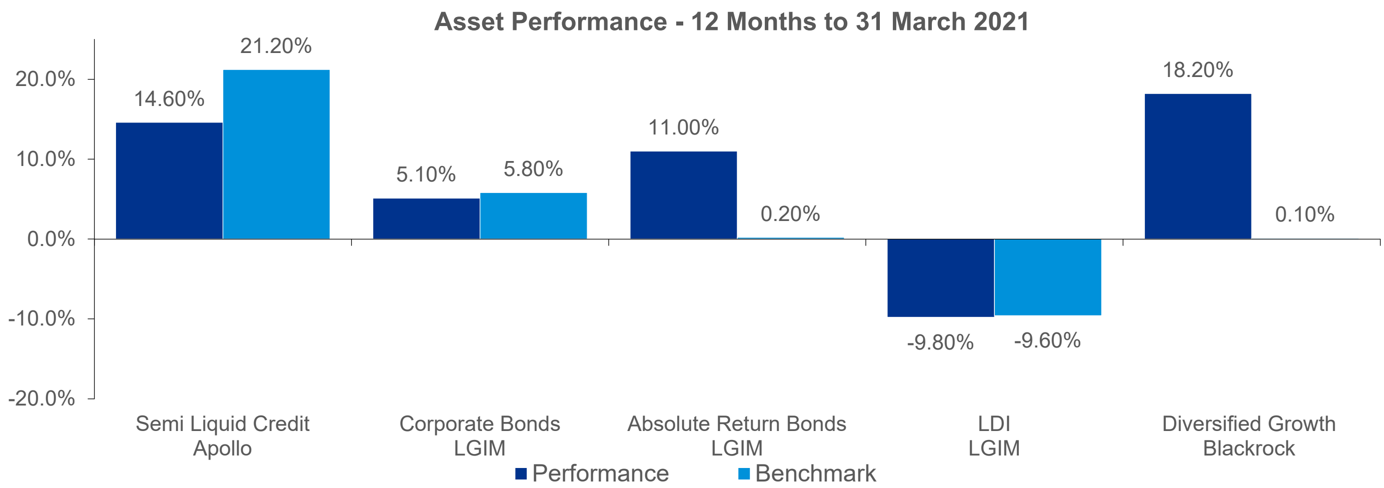
Investment update (cont.)

How have the Scheme's assets performed?

Over the year to 31 March 2021 the investment strategy provided a positive return of 7.5%, which was above the overall benchmark return for the year of 1.3%. All of the Scheme's holdings apart from the LDI mandate delivered positive absolute returns as the economic outlook improved following the market shock in the first half of 2020 caused by the emergence of COVID-19.

The LDI holding is intended to mirror the changes in value of the Scheme's liabilities to reduce volatility in the funding position and so reduce the risk of future increases in the deficit. Its value therefore reduced over the period in line with the reduction in Scheme liabilities discussed on page 5.

The performance of the assets over the last 12 months is summarised below:



Source: Investment Managers

Defined Contribution Section with Aviva

During the year to 31 March 2020, the assets and liabilities of the DC Section of the Scheme was transferred to the Aviva Master Trust with Aviva. If you wish to contact Aviva regarding the Aviva Master Trust and your DC Section benefits, please use the contact details below:

Phone: 0800 145 5744

Monday to Friday: 8am to 8pm

Saturday: 8:30am to 5pm

Sunday: 10am to 4pm

Email: contactus@aviva.com

Or you can write to Aviva at: Aviva, PO Box 520, Surrey Street, Norwich NR1 3WG

Money in and money out

Once a year we produce a legal document called the Scheme's ***Annual Report and Accounts*** which summarises all the money that is paid in and out of the Scheme, and a range of other useful information about the Scheme. This allows us to make sure nothing untoward has occurred in the Scheme during the year and provides the information we need to manage the Scheme's finances in the future.

This year's Annual Report and Accounts (at **31 March 2021**) have now been completed and reviewed by the Scheme's auditors, PKF Cooper Parry Group Limited. A summary of the key information is set out below. Please contact us if you would like to read a full copy of the report. This can be provided by post (but there may be a small charge for copying) or by email.

Membership as at 31 March 2021	
Members with deferred benefits	623
Pensioner members including dependants	279
Total	**902**

Fund Account	£000
Net assets of the Scheme at 31 March 2020	**124,285**
Plus income:	
Contributions received	4,328
	4,328
Less expenditure:	
Benefits payable (Pensions & Lump Sums)	(2,633)
Payments in respect of leavers and transfers out	(579)
Administration expenses (including levies)	(372)
	(3,583)*
Plus returns on investment:	
Investment income	-
Change in market value of investments	9,449
Investment managers' fees	(301)
	9,148
Net assets of the Scheme as at 31 March 2021	**134,179***

**Items do not sum due to rounding*

We can confirm that there have been no payments to the Company or any other group company from the Scheme's assets in the last 12 months.

Pensions News

Pension increases applied at 1 July 2021

If you are currently paid a pension from the Scheme you will know that increases to your pension are required by the rules and, if applicable, applied from 1 July. The Scheme's Rules say how much each different part of your pension should increase by every year, dependent on when you built up the pension.

Most parts of your pension increase in line with the Consumer Prices Index (CPI) which is published by the Government in the September before the increase is applied. CPI inflation was 0.5% over the year to September 2020. The table below shows how different tranches of pension in the Scheme are required to be increased in retirement along with the annual increase that was applied this year.

CPI inflation was 3.1% over the year to September 2021. The actual increase you get in July 2022 will depend on when you built up your pension. It is anticipated that no discretionary increases will be paid on benefits built up before 1 July 1993.

Pension Tranche	Increase as per Scheme's Rules	Increases applied at 1 July 2021
Guaranteed Minimum Pension (GMP) built up before 6 April 88	No increases	Nil
GMP built up between 6 April 88 and June 93	CPI max 3%	0.5%
Pension in excess of GMP built up before 1 July 93	No increases	Nil
Pension in excess of GMP built between 1 July 93 and 5 April 05	CPI max 5%	0.5%
Pension built up after 6 April 05	CPI max 2.5%	0.5%

Source: Isio Calculations

Please note that where your pension has come into payment since 1 July 2020, any increases payable will be proportionate.

STMicroelectronics Limited Pension Scheme (the "Marlow Scheme")

In the previous newsletter we informed you that the Directors of STMicroelectronics (Bristol) Pension Trust (the 'Trustee Company') were in discussions with the Group, ST NV, to become the Trustee to the Marlow Scheme. As of 28 May 2021, this process has been completed.

The appointment of the Trustee Company as the Marlow Scheme Trustee will mean that Directors appointed to the Trustee Company will work with advisors to manage both Schemes separately. There will not be any change to the Schemes themselves. This is **not** a merger of the Schemes and has no impact on your benefits or their security.

Pensions News (cont.)

Environmental, Social and Governance (ESG)

From 1 October 2020, the Department of Work and Pensions (DWP) new regulatory requirements for pension schemes relating to Environmental, Social and Governance (ESG) factors and climate change came into effect. In particular, schemes are required to update their Statement of Investment Principles (SIP) and annual reports, and produce an Implementation Statement, to clearly outline ESG principles.

Over the year, the Trustee have updated the SIP and prepared the Implementation Statement for the new DWP requirements. These can be found on our website: stukpension.net.

The Trustee will be keeping ESG factors and climate change under consideration.

2021 Town Hall Meeting

We hope everyone who attended the 2021 Town Hall meeting found it informative. For anyone who missed this opportunity, until the end of January a recording of the meeting will be available. Instructions on how to access this can be found on the Scheme Website, stukpension.net.

Future Correspondence

Correspondence is now being sent via email. Please ensure that you have amended your email settings such that emails received from our address, **STMPensions@isio.com**, are not automatically filtered to the Junk folder.

Please also get in contact with our administrators, contact details provided on the back page, to update your communication preference and email address.

Pension scams

The Covid-19 pandemic has given scammers new ways to try and get their hands on people's savings, especially as many people have fears of the impact of Covid-19 on financial markets and personal finances.

Scammers use a variety of methods to get their hands on people's savings. Often they will convince members to transfer the benefits they have built up to a new scheme offering 'incentives' and 'loopholes' which in reality don't exist. Examples include claims that members will be able to access their money before age 55, or to offer guaranteed investment returns. These claims are not true.

We continue to remind members who may be considering transferring out of the Scheme that you are expected to take the appropriate steps to make sure you are transferring into an approved scheme including taking financial advice.

"Don't be next, predators are after your pension"

The Pensions Regulator has produced materials on this topic which are available to members and can be found at

www.tpr.gov.uk/pension-scams.aspx

Reminders

Contact

If you need further information about the running of the Scheme or if you have any questions, you can contact the Trustee in writing or via email at the addresses below:

STMicroelectronics (Bristol) Pension Trust Ltd
Atlas House, Third Avenue
Globe Business Park
Marlow
Bucks
SL7 1EY

Greig McGuinness
Greig_McGuinness@Dalriadatrustees.co.uk

Jonathan Edwards
Siliconjon48@gmail.com

Maurizio Micale
Maurizio.micale@st.com

Rick Chapman
rick.s.chapman@gmail.com

Jon Frosdick
jonathan.frosdick@gmail.com

Alternatively, please contact the Scheme Administrators at their address:

Isio Group Limited
PO Box 721
Salford
M5 0QT

T: +44 (0)118 338 4399
E: STMPensions@isio.com

Website: stukpension.net

Expression of Wish Forms

When you die, there may be benefits due to your dependant(s). You are able to nominate who you would like these benefits to be paid to by completing an Expression of Wish Form. We will take your nomination into account when deciding who to pay your death benefits to, although we will consider other available information too to make sure that our decision is as robust as it can be.

Please contact Isio if you would like to complete a new Expression of Wish Form.

Change of personal details

It is essential that we hold accurate records so that we can pay your benefits when they are due. Please let us know if any of your personal details change, such as your name, address, email or other contact details.

If you need to update your details or would like to check the details that we hold, please contact Isio using the details given on the left.

Transfer values

Members who have yet to retire are able to request to transfer their benefits out of the Scheme to an alternative pension arrangement. The Trustee can provide you with a transfer value quotation on request (once per year without incurring a charge).

If you would like a transfer value quotation, please contact Isio using the contact details on the left.

Professional advisors

The Trustee receives advice from professional advisors to make sure the Scheme is run smoothly:

Scheme Actuary: Mark Westmore of Isio

Administration: Isio

Investment advisors: Isio

Legal advisors: Burges Salmon LLP

Auditors: PKF Cooper Parry Group Limited

Bankers: Lloyds Bank plc

Who to contact in the case of a dispute in respect of a pension?

The Pensions Advisory Services dispute resolution function has moved to the Pensions Ombudsman. If you have a complaint or dispute concerning your workplace or personal pension arrangements you should therefore now contact:

The Pensions Ombudsman
Telephone: 0800 917 4487
Website: www.pension-ombudsman.org.uk