

Melexis

Corporate Governance Charter

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Introduction

Since December 2004 the Belgian Code of Corporate Governance was introduced for companies Belgian listed companies. Listed companies must comply with the Principles and Stipulations of the Code. The company may deviate from the Code but it must mention and justify such deviation.

Since Melexis was listed in October 1997, Corporate Governance is an important tool continually developing to ensure that the company serves the interests of the shareholders insofar as possible. The majority of the existing lines of policy were consequently also already in conformity with the Code.

PART I: STRUCTURE AND ORGANISATION OF MELEXIS

I.1 Legal structure

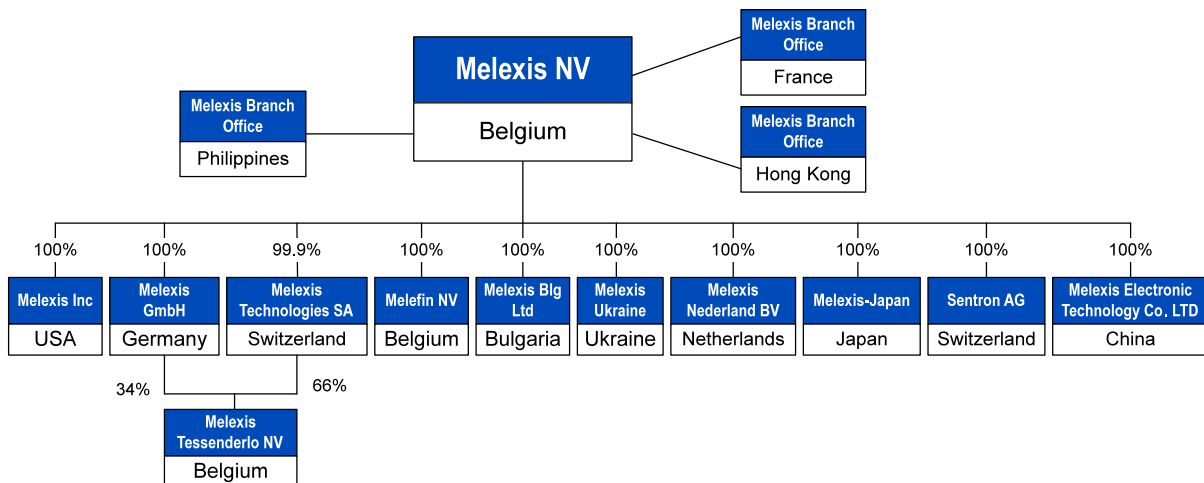
Melexis NV is a company established in Belgium, with registered office in Tessenderlo, Transportstraat 1.

The company is a shareholder of subsidiary companies either directly or indirectly through other companies. An overview of the main participations is given below.

The company has a Board of Directors and one or more Chief Executive Officers (CEO).

Combining the requirements related to the legal structure of Melexis, its business structure and its presence in a lot of countries is a constant point for attention for the Board of Directors and the executive management.

ORGANISATION CHART



I. 2 Company organisation

Melexis is organised on the basis of business divisions. Each business division has a portfolio of activities aimed with common objectives and strategies at a specific product segment.

The Melexis business units and their current portfolio are:

- Sensor division
- Actuator division
- Opto division
- Wireless division

The business divisions constitute the commercial motor of Melexis. A Business Division Committee headed by a Chairman is at the head of each business division. A detailed description of the business divisions at Melexis can be found at www.melexis.com

In addition to the business divisions various other professionals provide supporting services to the entire Melexis group, such as quality, accounting and finance, reporting, planning and control, internal audit, sales & marketing, manufacturing, IT, communication, legal & tax, investor relations, Human Resources and Technical support.

These supportive services are situated at different locations and provide functional leadership for the business divisions of Melexis, define Melexis-wide standards in areas, which require a Melexis-wide approach and supervise their implementation. In addition they also realise synergies by offering standardised services for needs common to all the business divisions. Finally they offer the business divisions high quality specialised services based on their experience and know-how in specific fields.

PART II: MELEXIS-SHARES AND SHAREHOLDERS

II. 1 Capital and shares

II.1.1. Type of the share and conversion of the shares

Melexis-shares are in registered or non-material form – at the shareholder's choice.

The names and addresses of all the holders of named shares or holders of a right to the usufruct or a right of distraint, are registered in the register of shareholders. The company must therefore be notified of any changes. On request holders of names shares may receive an extract from the registers. The registers of shareholders are available for consultation at the registered office of the company.

The Melexis-share is listed on the continuous market of Euronext Brussels.

II.1.2. Capital and issuing new shares

Details of the number of shares issued and the shareholder structure (including all notices already received in accordance with the law of 2 March 1989) can be found at www.melexis.com.

As of 31 December 2009 the amount of Melexis-shares issued was 43.241.860.

II.1.3. Preferential right and limitations

In accordance with articles 592 et seq. of the Company Code existing shareholders have a preferential right at the issue of Melexis-shares in proportion to the amount of Melexis-shares already held by them.

The General Meeting of the Shareholders of Melexis may limit or remove the preferential right in the interests of the company. These proposals are announced in a national newspaper in Belgium and in the Belgian Law Gazette.

II.1.4. Acquiring Melexis-shares

The authorisation by the General Meeting of the shareholders to the Board of Directors to acquire Melexis-shares expires as of 20 April 2014.

II.2. Dialogue with the Shareholders

In order to guarantee a quick announcement, Melexis publishes all information for the shareholders, including the agendas of the General Meeting of the Shareholders, the quarterly and annual results (which are always compared to the two previous accounting periods), etc. on a website especially dedicated to this: www.melexis.com.

Melexis encourages its shareholders to use their voting right with due consideration and to attend the General Meeting of the Shareholders if possible. Melexis does everything possible to facilitate this.

The dialogue with the shareholders principally occurs via Investor Relations.

II.3 General Meeting of the Shareholders

II.3.1 Dates and locations

The ordinary General Meeting of the Shareholders is held each year on 20 April at eleven AM at the registered office, unless stated otherwise in the convocation. If this day is a public holiday the meeting is held on the next working day at the same time. The convocations may stipulate a different time, date or location.

Extraordinary General Meetings of the Shareholders may be called as often as the Board of Directors of Melexis considers necessary. Furthermore shareholders who represent at least one fifth of the subscribed capital may request that an Extraordinary General Meeting of the Shareholders be called. The request must describe the subjects to be discussed and be sent to the Board of Directors of Melexis, which is obliged to call a meeting within three weeks after receipt of the request.

II.3.2. Subjects

The subjects that may be submitted to the General Meeting of the Shareholders for a decision include:

- the appointment of the members of the Board of Directors and the auditor;
- the discharge of the members of the Board of Directors and, in relation to the auditor, in relation to the execution of their duties during the previous financial year;
- the Company's annual accounts
- the Company's consolidated annual accounts
- the Company's annual dividend
- the issue of Melexis shares or the authorisation thereto;
- buying the company's own shares
- the destruction of the company's own shares bought
- significant management changes insofar as they result in an amendment to the articles of association
- amendments to the articles of association

II.3.3. Convocation

For an ordinary General Meeting of the Shareholders a call to the meeting is sent to holders of named shares. The convocation is also published in a Belgian national newspaper and in the Belgian Law Gazette at least 24 days prior to the meeting.

The precise convocation formalities for extraordinary General Meetings of the Shareholders depend on the items on the agenda.

Agendas and explanations are published on the Melexis website and may also be consulted by shareholders at the registered office of the Company.

II.3.4. Submission of securities and proxies

Submission of securities

In order to be able to participate in the general meetings, the holders of dematerialised shares, in accordance with article 28 of the articles of association, are requested to file a certificate, drawn up by the Central Security Depository at least 3 working days before the meeting, in which the unavailability of these shares to this general meeting is laid down, with the registered office of the company or at Dexia Bank NV at 1000 Brussels, Pachecolaan 44.

Within the same time-limit, holders of dematerialised shares must submit to Dexia Bank NV a certificate delivered by the settlement house from which the non-availability of these shares for examination by the General Meeting is apparent.

Submission of proxies

Every shareholder may give a written proxy to represent them at the general meetings. The shareholders may request the proxies drawn up for this by the board of directors in any way from the registered office of the company or download these from the website stated below. The original signed proxies must be submitted at the registered office at least three (3) days prior to the meeting in accordance with article 29 of the articles of association.

II.3.5. Procedure

Chairmanship

The General Meeting of the Shareholders is chaired by the Chairman or, in his absence by a managing director or, in his absence, by the oldest director. The Chairman chairs the meeting in accordance with the customs for general meetings of shareholders in Belgium.

Voting

Each share gives a right to casting one vote. Blank or invalid votes are counted as not cast.

Every decision is accepted if approved by an ordinary majority of the votes cast regardless of the number of shares represented at the meeting. In the event that no candidate receives an overall majority of the votes cast with regard to a decision for appointment, a revote will be carried out between the two candidates who received the most votes. If the number of votes is equal at the revote, the oldest candidate is elected.

The decision to amend the articles of association or to dissolve the Company requires a quorum of 50% of the subscribed capital and a majority of at least 75% of the votes cast. If the capital required is not represented at a meeting convened for that purpose, then a new meeting is convened and held, which may take the decision with a majority of at least 75% of the votes cast.

Minutes

The minutes of the General Meeting of the Shareholders is signed by the members of the officers of the meeting and by the shareholders who so request. Officially signed copies or extracts of the minutes may be made available to every shareholder on request, on condition that the Board of Directors holds the opinion that such is in the interests of the Company.

PART III: BOARD OF DIRECTORS OF MELEXIS - REGULATIONS

III.1 Role, responsibilities and powers

III.1.1. Role

The Board of Directors is the highest decision making body at Melexis, except for those instances reserved by company law or the articles of association to the General Meeting of the Shareholders.

The basic principle at the basis of the decisions of the Board of Directors of Melexis is maintaining a successful company in the field of the development and testing of integrated

circuits primarily for use in the automotive industry. However this does not mean that additional activities may not be considered. The Board of Directors is of the opinion that this first and foremost requires a focus on the service provision, quality and environment, simultaneously with a view to other interests, which are essential for a successful company: the Melexis customers, the shareholders, the staff and the communities in which Melexis operates.

III.1.2 Responsibilities

The main responsibilities of the Board of Directors are giving strategic direction to Melexis and the supervision of the state of affairs within Melexis. In this context the key tasks of the Board of Directors are:

- identifying and understanding strategic challenges and the corresponding risks for Melexis and its business units;
- establishing the strategy of Melexis and the norms and values, lines of policy and standards that may influence the way in which the strategic objectives are realised;

The strategic focus of the Board of Directors is primarily aimed at the development of the business activities, financial and risk management and the guarantee that Melexis has the leadership available that is most suited to realising the strategic objectives. For that purposes, the Board of Directors will:

→ hold regular strategic meetings to assess the market position and strategies of the business units at Melexis, to discuss the strategy proposals and to decide on strategies that will be implemented under the management of the CEO:

→ based on proposals from the CEO:

- assess and approve the financial objectives of Melexis, including the intended risk profile and the corresponding capital needs
- assess the capital of Melexis in relation to the risk profile and the capital needs
- assess and approve the strategies intended to achieve and maintain the intended capital levels and structure
- guarantee that Melexis has suitable systems for risk management and supervision available, including the suitable processes for a company management in accordance with the legislation, regulation and internal codes of conduct and procedures;
- assess and supervise the performance of Melexis in relation to the strategic objectives, plans and budgets;
- maintain a continuous action and dialogue as well as creating a climate of respect, trust and openness with the executive management;
- decide on instances reserved to the Board of Directors. Such instances include:
 - all decisions on proposals to be presented to the General Meeting of the Shareholders.
 - decisions relating to the company management at Melexis. These include: the appointment of the Chairman of the Board of Directors, as well as the executive management, the composition and duty of the board committees, the definition of the duties of the CEO
 - important business decisions: these include:
 - approving business plans and budgets;
 - entering into, revising or terminating any joint ventures, division or merger, or any investments, takeovers or disinvestments that imply an obligation of the holding company or exceeds an amount of EUR 1 million;
 - any transaction, regardless of the amount, that the CEO considers must be submitted to the Board of Directors for a decision due to the nature or the importance of the risks involved;
 - Melexis's accounting principles, in accordance with the accounting standards generally applicable and the definition of all financial information made public;

- Proposals in relation to the [interim-]dividend and financing transactions that may affect the subscribed capital of Melexis or;

→ proposals to the shareholder's meeting of Melexis to take certain important decisions. These include among others the appointment of the CEO's of the Company, the appointment of external directors and the approval of important changes in the capital structure or important changes in the articles of association.

The members of the Board will execute the duties entrusted to them with the care that may be expected from a normal, forward looking and prudent director in the same circumstances. If a director becomes aware of a serious breach of the Companies Code or of the company's articles of association, he must lodge a complaint against this at the General Meeting of the Shareholders or at the meeting of the Board of Directors following his having learnt of it. No active supervisory obligation of irregularities rests on the members of the Board. Naturally they do always have a supervisory right.

III.1.3. Powers

The Board of Directors has the power and duty to use effective, necessary and proportional means to fulfil its duties. The entire Board of Directors is collectively accountable to the Company for the correct use of the powers and duties.

Individual members have access to independent professional advice at the Company's expense, after approval of the Chairman, if they consider this necessary for the execution of their duties as a member of the Board.

The Company is legally represented by (a) any two members of the Board of Directors signing jointly and (b) the CEO for specific instances as indicated by and within the limits set by the Board of Directors. The CEO is entitled to delegate these powers.

III.2. Composition

III.2.1 Members of the Board of Directors

The Board of Directors has at least five members, not necessarily shareholders, of which at least three members must be independent in accordance with the criteria as defined in the appendices of the regulations of the Board of Directors. The actual number of members may vary depending on the needs of Melexis. The Board of Directors must be composed of at least half non-executive members of the Board and at least one executive member. Independent directors fall in the category of non-executive directors.

If the members of the Board of Directors are legal persons, they must appoint a permanent representative in accordance with the legal stipulations and must comply with the admission requirements as stated below.

III.2.2 Admission requirements

The Board of Directors applies the following lines of policy in proposing a new candidate member of the board to the General Meeting of the Shareholders:

- ensuring a significant majority of the members of the board of non-executive;
- every member of the board is proposed on the basis of his or her specific know-how and/or experience, so that the Board of Directors as a whole has the necessary skills and qualifications at its disposal to fulfil its duties. The competence profile of the Board of Directors may be found as an appendix to these regulations;

- verifying that every member of the board is available to fulfil his or her obligations as a member of the board at Melexis;
- the Board of Directors is composed internationally, in which an important and fair representation of the members of the board reflects the interest of the home markets of Melexis.

However the Board of Directors reserves the right to deviate from the aforementioned conditions, if the candidate member of the board is an asset to the Company.

In view of the aforementioned conditions, members of the board already appointed and candidate members must provide all information to the Chairman of the Board of Directors required to assess whether they fulfil the requirements set for members of the board both at the time of their appointment as prior to any expected major change that may influence the fulfilment of these requirements.

Independence, competence and qualification requirements are formulate and evaluated at regular intervals by the Board of Directors based on a proposal from the Chairman and with the recommendation of the Nomination and Remuneration Committee. Non-executive members of the board are permitted to sit in the boards of directors of other companies and to enter into other undertakings or obligations, on condition that these obligations (i) are outside Melexis and (ii) do not constitute any hindrance to a member of the board fulfilling his or her duties as a member of the board of Melexis. Independent non-executive members of the board must always fulfil the independence criteria as stipulated in the Appendices to the regulations of the Board of Directors for the duration of their mandate.

Executive members of the board are not permitted to accept an appointment as a member of a board, whether executive or non-executive, in listed companies other than related companies, unless the Board of Directors is informed thereof in advance.

III.2.3. Appointments

The Board of Directors submits its proposals for appointments and reappointments of members of the board to the shareholders, supported in this by a recommendation from the Nomination and Remuneration Committee. Proposals from the Board of Directors or from the shareholders for the appointment or reappointment are notified at least 24 days before the general meeting, together with the other items on the agenda.

The General Meeting of the Shareholders appoints the members of staff of their choice by a majority of the votes cast. In the same way the General Meeting of the Shareholders may dismiss members of the board before the normal end of their mandate by a majority of the votes cast.

The Board of Directors follows the appointment and reappointment process as a part of a global supervisory plan, so that an adapted level of skills and experience is maintained in the Company and the Board of Directors.

In the event that a member of the board leaves before the end of his or her mandate, Belgian legislation provides the possibilities for the remaining members of the Board of Directors to appoint a new member of the board, in which that appointment may be confirmed by the shareholders at the next meeting.

III.2.4. Period of appointment

The duration of the mandate of the directors may not exceed four years. However as long as the General Meeting of the Shareholders does not fill the vacancy for any reasons, the directors, whose mandate has expired will remain in their position.

III.2.5. Salary

The director's task is salaried, except by decision to the contrary by the General Meeting of the Shareholders.

The General Meeting may grant a remuneration to the non-executive members of the board in the form of a remuneration in accordance with the remuneration policy for members of the Board of Directors at Melexis.

The director's mandate of executive members of the board is not remunerated as such. Executive members of the board may receive a remuneration dependent on their executive duties within Melexis.

The total of the remunerations paid by Melexis to the members of the Board of Directors are published jointly in the annual report.

III.3 Chairmanship of the Board of Directors

The Board of Directors elects a Chairman from amongst its members. If no Chairman is appointed, this position is exercised by the oldest director. The position of Chairman cannot be combined with the position of CEO.

The Chairman, in particular,

- supervises the optimal composition of the Board of Directors. He takes the initiative where necessary and directs the processes, assisted in this by the Nomination and Remuneration Committee, aimed at:

- (i) formulating the requirements concerning independence, competence and qualifications of the members of the Board of Directors at Melexis;

- (ii) the appointment or reappointment of the members of the Board of Directors and its board committees, based on the monitoring planning of the Board of Directors and the performance evaluation of non-executive members of the board;

- (iii) the evaluation of the efficiency of the working of the Board of Directors as a whole;

- (iv) the appointment or dismissal, evaluation and remuneration of the CEO.

- ensures the efficient and effective working of the Board of Directors by:

- (i) ensuring a clear and common concept of and respect for the respective roles and responsibilities of each company body at Melexis;

- (ii) planning the meetings of the Board of Directors. The Chairman draws up the schedule of the meetings of the Board of Directors and the board committees, in consultation with the CEO. He prepares the general agenda of the Board of Directors with the subjects that must be discussed during the year as well as the agenda for every meeting, in which he indicated for each item on the agenda whether this is proposed for information, discussion, approval or for taking a decision;

- (iii) preparing, chairing and leading the meetings of the Board of Directors. The Chairman is consulted on all proposals before they are presented to the Board of Directors;

- (iv) supervising the quality of the continuous interaction and dialogue at a Board of Directors' level;

- (v) ensuring that new members of the Board of Directors are familiarised with the company in a correct way;

- chairs the General Meetings of the Shareholders and ensures these run efficiently; and

- represents and supports the interests of Melexis, at the request of the CEO, by maintaining contacts with external institutions and by participating in external management forums.

III.4 Structure and Organisation

The deliberations of the Board of Directors are recorded in the minutes, which are signed by those members present. The proxies are attached to the minutes.

III.4.1. Board committees

In order to fulfil its duties and responsibilities efficiently, the Board of Directors formed the Nomination and Remuneration Committee and the Audit Committee. The existence of these board committees does not prevent the Board of Directors to form additional ad hoc committees, if considered necessary, to deal with specific issues.

III.4.2. Company Secretary

The Board of Directors appoints a Company Secretary, who assists and advises the Board of Directors, the Chairman, the Committee Chairmen and all members of the Board of Directors in the execution of their general and specific duties and obligations.

The core duties of the Company Secretary are (i) providing advice in relation to compliance by the company bodies at Melexis with the law, the articles of association and the internal regulations and procedures, including the regulations of this Melexis Corporate Governance Statement, (ii) providing assistance in organising the General Meetings of the Shareholders (iii) where requested, acting as the Secretary of the Board of Directors of Melexis and its board committees.

The Company Secretary will maintain contact with the Board of Directors and the Chairman.

III.4.3. Meetings of the Board of Directors

The meeting of the Board of Directors is called at least four times per annum by the Chairman whenever the interests of the Company require it. Additional meetings to discuss specific needs of the company may be arranged at any time on condition of an appropriate announcement.

Members of the Board of Directors are expected insofar as possible to attend the meetings regularly and in person and that they spend sufficient time to allow them to fulfil their duties. Insofar as they may be prevented from attending, the members of the Board of Directors may participate by means of telephone conference or other means of communication.

The Board of Directors may only validly deliberate if at least half of its members are present or represented. A member of the Board of Directors may be represented by another member of the Board of Directors by means of a signed proxy, sent by fax or post.

The decisions of the Board of Directors are taken by majority of the votes cast. Blank or invalid votes are considered as not having been cast. In the event of equality of the votes, the Chairman has the deciding vote. In exceptional cases, in which urgent need and the interests of the Company so demand, decisions of the Board of Directors may be taken by unanimous written agreement of the members of the Board of Directors and consequently without a meeting being held. However this procedure may not be implemented for establishing the annual accounts, the allocation of the subscribed capital or any other instance excluded by the articles of association.

III.5. Code of conduct

III.5.1. Application of a general code of conduct at Melexis

Each member of the Board of Directors of Melexis will respect the principles of integrity and ethically responsible conduct that are also applicable to the management and other members of staff at Melexis. These principles include the General code of conduct of Melexis and the Melexis-regulations regarding private investments.

III.5.2. Provision of services

Independent non-executive members of the board are not permitted to conclude agreements with Melexis either directly or indirectly intended for the delivery of paid services (e.g. accounting, consultancy, legal advice, ...), except by explicit agreement from the Board of Directors and only for one-off instances that are not such as to threaten the independence of the director concerned. Independent non-executive members of the board are requested to consult with the Chairman who will subsequently decide whether a request for exemption will or will not be submitted to the Board of Directors. The remuneration awarded and the reason for the exemption shall be published in the annual report. Any transactions between members of the board and the company, including its subsidiaries, are always realised under normal market conditions.

III.5.3. Conflicts of interest

All members of the Board of Directors are expected to avoid any acts, standpoints or interests in conflict with or that may create the impression of being in conflict with, the interests of Melexis. When confronted with a possible conflict of interest, members of the board must inform the Chairman thereof as quickly as possible. Members of the board must abstain from any discussion or decision of the Board of Directors, in accordance with the applicable legislation, that touches their personal, business or professional interests. Any abstentions due to a conflict of interests are made known in accordance with the relevant clauses of the applicable legislation.

III.5.4. Interaction with the management of Melexis

The members of the Board of Directors are expected to consult the CEO before approaching the management of Melexis or the business units and that such contacts will occur with due consideration to prevent interference with the working of the business units and the responsibilities of the management.

III.5.5. Interaction with investors, media and others

Members of the Board of Directors may, at the request or in consultation with the Chairman, or at the request of the CEO, participate in communication activities of Melexis. In particular the members of the Board of Directors are expected to support the standpoints of the Board of Directors regarding the strategy, management and activities of Melexis in the public and private sphere.

It is not considered appropriate for members of the board to make individual contact with investors, the media and others, without informing the CEO in advance and without having notified the statements and standpoints that might be assumed.

III.5.6. Duty of confidentiality

In order to allow open discussions at the meetings of both the Board of Directors and the board committees, the members of the Board of Directors will keep the information and deliberations confidential.

PART IV: THE COMMITTEES OF THE BOARD OF DIRECTORS OF Melexis
- GENERAL CLAUSES AND REGULATIONS

IV.1. General Clauses applicable to all board committees

IV.1.1. Role, responsibilities and powers

In principle, the board committees have an advisory function with regard to the Board of Directors. They assist the Board of Directors in specific fields that they cover in sufficient detail and concerning which they make recommendations to the Board of Directors. However, only the Board of Directors had the decision-making power.

The role and responsibilities of every board committee are stipulated by the Board of Directors and defined in its Regulations. If necessary, the Regulations are reviewed each year either by the board committees themselves or at the initiative of the Board of Directors. The recommendations for changes are submitted to the Board of Directors, where necessary.

Every board committee has the power and duty to use effective, necessary and proportional means to fulfil its mission (including the power to choose external advisors, to give a mandate or to terminate their mandate), and is accountable for the correct exercise of these responsibilities and duties to the Board of Directors.

The board committees report their activities, conclusions and recommendations to the Board of Directors after every meeting.

IV.1.2. Composition

Every board committee is made up of non-executive board members and has a minimum of three members. The majority of the members of the board committees satisfy the independence requirements of the Board of Directors.

The Board of Directors appoints the chairmen and members of the board committees. As a rule the composition of every board committee can be reviewed on a yearly basis. The composition can also be reviewed if a member of a board committee has reached the end of his/her mandate as a member of the Board of Directors, even if his/her reappointment is intended.

The appointment of the members of board committees is based on (i) their specific abilities and experience in addition to their general ability requirements as members of the Board of Directors of Melexis and (ii) the condition that every board committee as a group possesses the competence and experience to execute its tasks.

In principle, the Chairman of the Board of Directors is not a member of the board committees, unless otherwise stipulated in the regulations of the committee.

It is customary that the chairman of the board committee invites the CEO to attend the meetings of the board committees. The CEO is always present when affairs concerning the executive management are discussed in the meetings of the Nomination and Remuneration Committee.

IV.1.3. Chairmanship

The tasks of the chairman of a board committee includes, with the support of the Chairman and if necessary the CEO, ensuring that the board committee (i) understands its roles and tasks, (ii) has all information and internal or external support at its disposal to fulfil its tasks adequately, and (iii)

fulfils all its tasks in accordance with these General Clauses and Regulations of the board committee.

IV.1.4. Meetings

The regulations applicable to meetings of the Board of Directors are also applicable to meetings of the board committees.

Considering the size of the Company, board committees meet a minimum of once or twice a year.

IV.2. Regulations of the Nomination and Remuneration Committee

The General Clauses applicable to all board committees of the Board of Directors, as described above, are also wholly applicable to the Nomination and Remuneration Committee, however, taking the following into account:

IV.2.1. Role

The Nomination and Remuneration Committee advises the Board of Directors concerning the way in which the achievement of the Company's strategic objectives may be promoted by adopting an appropriate remuneration programme. It will supervise the development of salaries, allocation of bonuses, awarding shares and additional benefits for management and the general performance of the Company.

IV.2.2. Responsibilities

- With respect to **nominations**,

- . at regular intervals the Nomination and Remuneration Committee supervises the principles and requirements (independence requirements, competence and qualifications) that regulate the selection and appointment of the members of the Board of Directors and makes its recommendations to the Board of Directors when this seems necessary;

- . the Nomination and Remuneration Committee makes recommendations to the Board of Directors concerning the appointment or reappointment of members of the Board of Directors and concerning the appointment or dismissal of the CEO;

- the process by which non-executive members of the Board of Directors are appointed or reappointed is initiated and lead by the Chairman of the Board of Directors, who presents (a) candidate(s) for appointment to the Nomination and Remuneration Committee – taking the applicable principles and requirements into account as stipulated by the Board of Directors, or for reappointment – taking the evaluation of the achievements of the member of the Board of Directors into account.

The Nomination and Remuneration Committee considers the proposal of the Chairman and subsequently makes a recommendation to the Board of Directors.

The Board of Directors subsequently decides the appointment or reappointment proposals that it will put before the General Shareholders' Meeting;

- the procedure concerning the reappointment and succession of the Chairman is carried out by the Nomination and Remuneration Committee according to a procedure stipulated by the Nomination and Remuneration Committee in consultation with the Chairman;

- for the appointment or the dismissal of the CEO the recommendation of the Nomination and Remuneration Committee is based on a proposal from the Chairman;

-

With respect to **performance evaluation**,

. every year the Nomination and Remuneration Committee discusses and stipulates the aims for the CEO. It does the same, based on a proposal of the CEO, for members of the executive management.

These aims are subsequently used as benchmarks for their performance evaluations;

. the Nomination and Remuneration Committee evaluates the performance of the members of the Board of Directors;

→ with respect to the non-executive board members the Nomination and Remuneration Committee evaluates their performance in the context of their reappointment, based on a proposal from the Chairman;

→ with respect to the CEO the Nomination and Remuneration Committee evaluates the performance on the recommendation of the Chairman.

• With respect to the **remuneration**,

. the Nomination and Remuneration Committee regularly reviews the salary policy for non-executive board members on the one hand and for the CEO on the other, and makes recommendations for changes when this seems necessary..

. investigates in as far as they exist, the most important characteristics of the shares programmes for managers and/or other staff proposed by the CEO and makes recommendations for this to the Board of Directors. This investigation concerns the limits within which the CEO can formulate, introduce and manage shares programmes. In principle the maximum number of shares introduced in this way each year may not exceed 1% of the subscribed shares.

• **Other** tasks of the Nomination and Remuneration Committee,

. supervision of the reporting in the Annual report of the remuneration of members of the Board of Directors and executive managers, the processes that regulate their appointment and remuneration and the activities of the Nomination and Remuneration Committee;

. the execution of those tasks with respect to Melexis-company management that the Board of Directors or the Chairman may request.

IV.2.3. Composition

The Nomination and Remuneration Committee is currently composed of three non-executive members of the Board of Directors, of which two were appointed as independent directors. The Chairman of the Board of Directors chairs the Nomination and Remuneration Committee. The members are appointed by the Board of Directors at the recommendation of the Chairman, after consultation with the people he considers necessary. It is customary for the Chairman to invite the CEO to attend the meetings of the Nomination and Remuneration Committee either in whole or in part.

IV.2.4. Meetings

Considering the limited size of the company, the regular meeting schedule of the Nomination and Remuneration Committee provides for at least one meeting a year. Other meetings, if required, are convened at the request of the Chairman, or, after consultation with the Chairman, by any member of the Nomination and Remuneration Committee or by the CEO.

IV.3. Regulations of the Audit Committee

The General Stipulations applicable to all board committees of the Board of Directors, as explained above, are also wholly applicable to the Audit Committee (AC), however taking the following into account.

IV.3.1. Role

The AC supervises the scope of internal supervision and the execution by the executive management of the recommendations of the auditor. The AC assists the Board of Directors in its supervisory tasks with respect to the internal supervision within Melexis in the broadest sense, including the internal supervision of the financial reports.

IV.3.2. Responsibilities

The AC supervises:

- the integrity of the periodic financial information with respect to the relevance and the consistent nature of the bookkeeping norms that the company and the group use, including the criteria for the consolidation of the accounts of the companies in the group;
- the working of the audit process: the AC supervises the function of the Auditor, approves the audit plan, evaluates its achievements formally at least once a year on the basis of fixed criteria and makes recommendations to the Board of Directors about his appointment or reappointment, the renewal of his mandate and his remuneration. The AC also supervises whether the policy stipulated by the Board of Directors with respect to the independence of the Auditor is complied with, including the correct implementation of the procedure for prior approval of non-audit services;
- the working of the internal supervisory system as a whole and, in particular, of the risk management system and its processes that govern the compliance with laws, regulations and the General Code Conduct at Melexis.

The management informs the Audit Committee of the methods used for booking significant and unusual transactions of which the accounting processes are susceptible to different processing. In this regard special attention is paid both to the existence of, and the justification for, every activity that the company develops in offshore centres and/or so-called “special purpose vehicles”.

The AC:

- supervises the coverage of internal supervision and the activities of the Audit Committee in the Annual report;
- executes these tasks, related to internal supervision, internal or external audits as the Board of Directors or the Chairman require; and
- investigates the specific regulations according to which company staff can anonymously express their concerns regarding possible irregularities concerning financial reports or other instances. In the event that it is considered necessary, arrangements are made for an independent investigation and appropriate follow-up of these instances and this in proportion to the alleged severity thereof. Measures are also taken according to which staff can inform the chairman of the AC directly.

IV. 3.3. Composition

The AC is currently composed of three non-executive board members, of which two are independent. The chairman and the members are appointed by the Board of Directors on the recommendation of the Chairman of the Board of Directors, after consultation with the Nomination and Remuneration Committee. The Auditor regularly takes part in the AC.

IV.3.4. Meetings

The regular meeting schedule of the AC provides for at least two meetings a year. If required, other meetings are convened at the request of the committee chairman of the AC, or, after consultation with the committee chairman of the AC, at the request of the Chairman of the Board of Directors, any member of the AC, the CEO or the Auditor.

PART V: MELEXIS EXECUTIVE MANAGEMENT

Introduction

The role of the executive management of Melexis consists of leading Melexis in accordance with the values, strategies, lines of policy, planning and budgets drawn up by the Board of Directors.

In the framework of the execution of its role, the executive management is responsible for observing all the relevant laws and regulations, in particular the legal and supervisory framework applicable to every Melexis-enterprise.

The executive management of Melexis consists of two Chief Executive Officers (CEO), and the Chief Financial Officer (CFO),

In accordance with the articles of association, the Board of Directors has stipulated the responsibilities, powers and obligations of the CEO in these Regulations.

In the current composition of the executive management of Melexis the two CEO's are also members of the Board of Directors. In the event that another executive board member were to be appointed, the Board of Directors will adapt the current Regulations, if and when necessary.

V.1. Chief Executive Officer (CEO)

V.1.1. Responsibilities

The responsibilities of the CEO are:

- acting as top-manager of Melexis, by:
 - . communicating and carrying out the Melexis values clearly and inspiring the actual conduct of the staff at Melexis by setting 'the tone at the top';
 - . investigating, defining and presenting strategic options and proposals that may contribute to the development of Melexis to the Board of Directors and carrying out the decisions of the Board of Directors;
 - . acting as the most important spokesperson for Melexis to the outside world.
- enabling the Board of Directors and the Chairman to carry out their responsibilities, by:
 - . maintaining constant interaction and dialogue and a climate of respect, trust and openness with the Board of Directors;
 - . presenting proposals to the Board of Directors or the board committees concerning subjects about which decision-making is reserved by the Board of Directors; bearing final responsibility for such proposals;
 - . providing the Board of Directors with all information of importance for the execution of its powers and obligations and regularly informing the Board of Directors of the most important initiatives in the development and decisions taken by the CEO in the execution of his responsibilities;
 - . regularly meeting with the Chairman, involving him in strategic initiatives from the start, consulting with him regularly about all relevant business and in particular discussing the issues on the agenda of the meetings of the Board of Directors with him.
- exercising other powers and tasks that the Board of Directors entrusts to the CEO in specific cases.

V.1.2. Powers

With its own powers and obligations undiminished, the Board of Directors ascribes the appropriate and necessary powers to the CEO for the correct execution of his tasks and responsibilities. the CEO is accountable to the Board of Directors for the execution of the tasks and responsibilities entrusted to him.

Once a year (December), the CEO submits the plan for the following year to the Board of Directors for approval. The CEO executes and complies with the plan and reports to the Board every three months concerning the status of the execution of the annual plan.

Once a year a strategic three-year plan is also submitted to the Board for approval.

In the event that important points of the yearly or three-yearly plan cannot be achieved, the CEO will report this to the Board, upon which the Board may commission the drawing up of a new plan, which the CEO will execute after approval.

The Board of Directors must always approve the following management decisions:

- Entering into loans of over 10 million Euro
- Awarding a loan to a subsidiary company or third party of which the company does not have a majority holding
- Awarding a surety for over 2 million Euro
- Purchasing or leasing real estate
- Leasing investment property
- Awarding mortgages, collateral or other claims on property
- Any withdrawals of over 1 million Euro
- Any sale of an activity with a revenue of over 2 million Euro
- Ceasing an activity with a revenue of over 2 million Euro
- The acquisition of shares or assets of another company with a value of over 1 million Euro
- The employment of staff with a gross annual wage of over 150 000 euro.

V.1.3. Appointment and term in office

Appointment

The General Shareholders' Meeting appoints the person whom the Board of Directors will designate as CEO and member of the Board of Directors. The Board of Directors presents its nomination on the basis of a recommendation from the Nomination and Remuneration Committee.

Term in office

In principle, the appointment of a CEO is for indefinite time.

V.1.4. Remuneration and performance evaluation

Remuneration

Taking the recommendations of the Nomination and Remuneration Committee into account, the Board of Directors stipulates the remuneration of the CEO. The Chairman submits proposals to the Nomination and Remuneration Committee, drawn up in compliance with the salary policy for members of the Board of Directors and executive management of Melexis.

Achievement assessment

Annually the Nomination and Remuneration Committee stipulates, the objectives that the CEO must reach in the coming year and evaluates his activities in the preceding year on the basis of proposals from the Chairman.

PART VI: SUPERVISION OF MELEXIS

VI.1. Regulatory Supervision

The regulatory framework in which Melexis operates is based on her capacity as a company with shares listed on the stock market. The supervision of Melexis is organised on the basis of the legal structure of the group and takes the respective powers of the supervisory authorities involved in this into account.

As the issuer of listed shares, Melexis is subject to the listing requirements of Euronext Brussels. In Belgium Melexis is also subject to the supervision of the CBFA.

VI.2. Auditors

VI.2.1. Mandate of the Auditor

A member of the Institute of Company Auditors will act as the Auditor of Melexis nv. His mandate was last confirmed for a period of three years by the General Meeting of the Shareholders of 5th May 2003. He is responsible for the supervision of the financial reports of Melexis. Furthermore, he supervises the half-yearly reports, which result in an accounts declaration concerning the half-yearly results.

For all subsidiary companies of Melexis, the policy at Melexis is that the Auditor of Melexis nv also achieves a majority on the level of the subsidiary companies in accordance with ISA norm 600, taking the local legal stipulations into account.

VI.2.2. Reports of the Auditor

The Auditor reports directly to the Audit Committee. In principle, he is present at every meeting of the Audit Committee, for its entire duration. Once a year, when the yearly figures are discussed and approved, he also takes part in the meeting of the Board of Directors. Furthermore, the Auditor may also contact the Chairman of the Board of Directors or the committee chairman of the Audit Committee directly, outside the formal meetings of the Board of Directors or the Audit Committee.

Every six months the Auditor, as part of his half-yearly overview, drafts a report with a series of observations that he wants to bring to the attention of the Audit Committee. This report may deal with various subjects, for example, the application of bookkeeping principles, weak points in the supervision of Melexis-entities, legal amendments that may have an impact on Melexis, etc. The report is discussed in the Audit Committee and forwarded to the Board of Directors for their information and comments.

VI.2.3. Supervision of the Auditor

The Audit Committee supervises the activities and independence of the Auditor on the behalf of the Board of Directors.

The activity of the Auditor is evaluated at least once every three years.

With respect to his independence, the Auditor is expected to comply with local laws and regulations, including the International Standard of Auditing. Furthermore, he complies with the 'Melexis-policy concerning the independence of the Auditor', which, amongst others, stipulates a strict procedure for the approval of non-audit services provided by the Auditor, and annual reports concerning all aspects of his independence. The Audit Committee ensures the correct compliance with said policy.

