



## SENSATA TECHNOLOGIES HOLDING PLC

### Corporate Governance Guidelines

Effective as of October 23, 2018

The Board of Directors (the “**Board**”) of Sensata Technologies Holding plc (the “**Company**”) acting on the recommendation of its Nominating & Corporate Governance Committee (the “**Governance Committee**”), has adopted the following Corporate Governance Guidelines (“**Guidelines**”) to promote the effective and transparent functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. These Guidelines are in addition to, and should be interpreted in accordance with, any requirements imposed by the UK Companies Act 2006, the New York Stock Exchange (the “**NYSE**”), and the Company’s Articles of Association (“**Articles**”), each as may be amended from time to time. The Governance Committee periodically reviews these Guidelines and may recommend changes to the Board, when appropriate.

#### I. Board Responsibilities and Expectations

The Board’s primary responsibility is to oversee, on behalf of shareholders and other stakeholders, the long-term health and overall success of the Company. The Board services as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the Chief Executive Officer (the “**CEO**”) and other members of senior management, who are charged by the Board with conducting the business of the Company. In carrying out their responsibilities, Board members shall exercise their business judgment and act in ways that they reasonably believe will serve the best interests of the Company, its shareholders and other stakeholders, including employees, customers, lenders and the members of the communities in which the Company operates. Directors must fulfill their responsibilities consistent with their fiduciary duties to the shareholders, in compliance with all applicable laws and regulations.

- A. **Oversight Responsibilities.** Among other things, the Board’s oversight responsibilities include monitoring and/or making inquiries concerning: (i) the Company’s performance in relation to its mission, strategies and financial and non-financial objectives; (ii) the performance and effectiveness of the Company’s management team; (iii) succession and development plans for key Company executives, including the CEO; (iv) the Company’s financial reporting processes, internal controls and risk management processes; and (v) the Company’s compliance with legal and regulatory requirements.
- B. **Decision-Making Responsibilities.** Among other things, the Board’s decision-making responsibilities include: (i) select and oversee members of senior management who are charged by the Board with conducting the business of the Company; (ii) review and approve the Company’s mission, strategies, objectives and policies, as developed by the CEO and senior management; (iii) approve director candidates recommended by the Governance Committee to be nominated for election by shareholders at the general meeting of shareholders; and (iv) approve material investments or divestitures, strategic transactions, related party transactions and other significant transactions not in the ordinary course of the Company’s business.
- C. **Expectations.** Board members are encouraged, but not required, to attend the Company’s annual general meeting of shareholders and are expected to: (i) become and remain informed about the Company, its business and its industry; (ii) attend all meetings of the Board and of Board committees on which they serve, having read and considered the pre-reading materials in advance of the meeting; and (iii) participate constructively in Board and committee meetings, drawing upon their

individual experience, knowledge and background, as appropriate, to provide perspectives and insights.

## II. Board Operations

- A. **Board Size.** Subject to the conditions outlined in the Company's Articles, the number of directors who shall constitute the Board shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office. If any of the Board's nominees is unable to serve as a director, or if any director leaves the Board between annual meetings of shareholders, the Board may reduce the number of directors by resolution or elect a replacement director upon the recommendation of the Governance Committee.
- B. **Board Meetings.** The Board holds at least four regular meetings each year and may hold additional or special meetings whenever necessary. Regular Board meetings are generally held in person, although Board members may participate by conference call, if necessary. Special meetings may be held either in person or by conference call. The Board may also act by unanimous written consent.
- C. **Chairman and Lead Director.** The Board should be free to choose the Chairman of the Board, consistent with the best interests of the Company at a given time, based on the circumstances of the Company and the individuals on the Board at that time. Therefore, the Board does not have any policy whether or not the role of the Chairman and CEO should be separate or combined. The Board shall designate one of the members to act as Chairman of the Board. If the Chairman is not an independent director, the independent directors will elect a Lead Director from among the independent directors serving on the Board. The Lead Director shall be elected on an annual basis by a majority of independent directors after receiving a recommendation from the Governance Committee and may be removed or replaced at any time at the sole discretion of the Board. The Lead Director will:
- preside at the Board meetings at which the Chairman is not present, including executive sessions of non-management directors, and advise the Chairman of any actions taken;
  - serve as a mentor and provide open and honest guidance and communication to the Chairman/CEO as requested or needed;
  - collaborate with the Chairman/CEO on the agenda and materials for meetings of the Board;
  - act as a liaison between the non-management and independent directors and the Chairman/CEO and management (although all non-management directors have direct and complete access to the Chairman/CEO at any time they deem necessary or appropriate);
  - provide leadership to the Board if circumstances arise in which the role of the Chairman/CEO may be, or may be perceived to be, in conflict and respond to any reported conflicts of interest, or potential conflicts of interest, arising for any director;
  - lead the executive sessions of the non-management and independent directors and communicate with the Chairman/CEO after each executive session to provide feedback and also to effectuate the decisions and recommendations of the independent directors;
  - lead the non-management directors in the annual evaluation of the performance of the CEO and communicate that evaluation to the CEO;
  - oversee the process for CEO and senior executive succession planning;
  - interview, along with the Chairman/CEO and Chair of the Governance Committee, all Board candidates;
  - facilitate and assist the Governance Committee with Board, committee and director evaluations and communicate results;
  - assist, as needed, the Chairs of the committees of the Board in fulfilling their designated roles and responsibilities to the Board;

- as requested from time to time by the Chairman/CEO, meet with management to preview significant matters (such as potential acquisitions and other large capital commitments) expected to be presented to the Board or committee and be a general resource to the Chairman/CEO; and
  - as needed or requested by the Board, perform other corporate governance duties.
- D. ***Pre-Reading Materials.*** Pre-reading materials for the Board and committee meetings are distributed to directors sufficiently in advance of each meeting to permit meaningful review. Materials should be as concise as possible while still providing the information necessary for directors to make an informed judgment on the agenda items. However, the Board recognizes that certain exigent circumstances may cause the materials to be late or incomplete.
- E. ***Board Committees.*** The Board will have at least three standing committees: the Audit Committee, the Compensation Committee, and the Nominating & Corporate Governance Committee. In addition, the members of each of the Audit, Governance and Compensation Committees shall meet any additional criteria for membership set forth in the rules and regulations of the NYSE and applicable law, as may be amended from time to time. The Governance Committee makes recommendations to the Board relative to committee members and chairs consistent with the membership criteria outlined in the applicable committee charter. Committee appointments are subject to approval of a majority of the full Board. The Board may replace any committee chairs or members or add additional members to a Board committee at any time during the year. From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances, regulations or laws. The Board confirms that each standing committee has a charter setting forth the purpose, authority and duties of each committee. On an annual basis, each committee reviews its charter and presents any modifications to the Board for approval. All committee charters are available on the Company's investor relations website.
- F. ***Executive Sessions of Non-Management Directors.*** The non-management directors shall meet regularly without management present in conjunction with the Board meetings. After the executive session, a designated director will update the CEO on the key items discussed. Non-management directors who are not independent under the NYSE rules may participate in these executive sessions.

### III. Director Qualifications and Board Composition

- A. ***Director Criteria.*** The Company seeks to align Board composition with the Company's strategic direction so that the Board members bring skills, experience and backgrounds that are relevant to the key strategic and operational issues that they will oversee and approve. Director candidates are typically selected based upon their character, track record of accomplishment in leadership roles, as well as their professional and corporate expertise, skills and experience. Criteria that are typically considered by the Board in the selection of directors include: (i) the independence, judgment, strength of character, reputation in the business community, ethics and integrity of the individual; (ii) the business or other relevant experience, skills and knowledge that the individual may have that will enable him/her to provide effective oversight of the Company's business; (iii) the fit of the individual's skill set and personality with those of the other Board members so as to build a Board that works together effectively and constructively; and (iv) the individual's ability to devote sufficient time to carry out his or her responsibilities as a director in light of his/her occupation and the number of boards of directors of other public companies on which he or she serves.
- B. ***Director Independence and Regulatory Requirements.*** The Board will have at least a majority of directors who meet the criteria for independence required by the NYSE. The Board shall make an affirmative determination at least annually as to the independence of each director. In addition, all independent directors shall be free of any relationship with the Company or its management that would impair the director's ability to make independent judgments. No director will be deemed

independent unless the Governance Committee recommends, and the Board affirmatively determines, that the director is independent in accordance with the foregoing. If a change in circumstance may affect an independent director's continuing independence under the Board's independence standards, the director is expected to offer to tender his or her resignation to the Chair of the Governance Committee. The Governance Committee shall determine whether to accept or reject such offer.

- C. ***Identifying, Evaluating and Selecting Director Candidates.*** The Governance Committee, in accordance with its charter, is responsible for the identification, evaluation and recruitment of director candidates, including recommendations for director candidates received from the Company's directors, officers and shareholders. In addition, the Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of prospective directors as well as the composition of the Board as a whole. This assessment will include an affirmative determination of each prospective director's qualification as independent, as well as a consideration of integrity, diversity, leadership, the ability to carry out the duties of a director, and skills and experience in the context of the needs of the Board.
- D. ***Director Resignation or Retirement.*** If a director decides that he or she wishes to resign or retire from the Board or to not stand for re-election at the next Annual General Meeting, the director shall notify the Company's secretary in writing of such decision. Until such notice is delivered to the Company's secretary, the director shall not be deemed to have given the Company notice of the director's intent to resign, retire or not stand for re-election.
- E. ***Director Term and Limitations; Mandatory Retirement.*** Directors shall be elected every year and shall serve for an annual term, subject to re-nomination on the recommendation of the Governance Committee, the approval by a majority of the Board and approval by the shareholders at the annual general meeting of shareholders. Directors shall no longer be eligible for nomination if, as of the date of the general meeting of shareholders, the director has reached the age of 75 years or has served 12 years, whichever comes sooner. The Governance Committee may, however, waive these limitations at its discretion.
- F. ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over the interests possessed by a director. The Company has adopted a Code of Business Conduct and Ethics (the "*Code*"), and all members of the Board are expected to adhere to the Code.
- G. ***Change of Position/Other Circumstances.*** Any director whose primary employment materially changes from the position that he or she held when becoming a member of the Board, or if a significant change in a director's circumstances occurs, the director shall promptly notify the Chair of the Governance Committee of this change. The Governance Committee, on behalf of the Board, will review the continued appropriateness of the director's Board membership in light of the new circumstances.
- H. ***Limitations on Additional Board Service.*** If an Audit Committee member simultaneously serves on the audit committee of more than three public companies, the Board will determine whether such simultaneous service would impair the ability of such member to effectively serve on the Company's Audit Committee and will disclose such determination in the Company's annual proxy statement. Except for the foregoing, the Board does not believe that its members should generally be prohibited from serving on boards and/or committees of other organizations and has not adopted any guidelines limiting such activities. Notwithstanding the foregoing, prior to becoming a director of another public company, a director shall notify the Chair of the Governance Committee, the Chairman and the CEO that such director may join an addition public company board of directors. The Governance

Committee shall consider any potential conflicts of interest due to the directorship and whether the aggregate number of directorships held by such director would interfere with his or her ability to carry out his or her responsibilities as a director of the Company. In the event that the Governance Committee determines that the additional directorship constitutes a conflict of interest or interferes with such director's ability to carry out his or her responsibilities as a director of the Company, such director, upon the request of the Board, shall either offer his or her resignation or not accept the other directorship.

#### **IV. Communication with Shareholders**

The CEO is responsible for establishing effective communications with all interested parties, including shareholders of the Company. Generally, the Board supports a policy that management, as directed by the CEO and other executive officers, should speak for the Company. This policy does not preclude the Company's directors from meeting with shareholders, as needed or requested, but does suggest that in most circumstances, any such meetings be held with the CEO or other designated management personnel present.

#### **V. Director Access to Management and Independent Advisors**

- A. ***Access to Management.*** At the request of the Chairman or CEO, members of senior management may be invited to attend meetings of the Board to present information concerning the Company's business within their areas of responsibility. Directors shall have full and unrestricted access to any relevant Company records and may request that any officer or other employee of the Company or the Company's outside counsel or accountants meet with any members of, or consultants to the Board or any committee. As a courtesy, directors will exercise their judgment to ensure that this access does not impede or interfere with the conduct of the Company's business and is coordinated, where possible, through the CEO so as not to undermine normal lines of management authority.
- B. ***Access to Independent Advisors.*** In their sole discretion, the Board and each of its committees shall have the sole authority and responsibility to select, employ, retain and terminate any financial, legal, executive search, consulting and other professional advisors as they deem necessary or appropriate to assist in the discharge of their responsibilities. The Company shall provide funding to cover the professional fees and reasonable expenses of any such independent advisors retained by the Board or any of its committees.

#### **VI. Director Compensation**

The Board will set the level of compensation for directors, committee chairs and committee members, based on the recommendation of the Compensation Committee. Directors who are also current employees of the Company will receive no additional compensation for service as directors. From time to time, the Compensation Committee will review the amount and form of compensation paid to directors, taking into account the compensation paid to directors of other companies in its peer group and other public companies with similar market capitalization.

#### **VII. Director Orientation and Continuing Education**

- A. ***Director Orientation.*** Upon election to the Board by shareholders or appointment by any third party having the right to appoint directors to the Company's Board, new directors participate in an orientation session designed jointly by the Governance Committee, the Chairman and CEO and the Company's senior management.
- B. ***Continuing Education.*** Management shall make presentations to or arrange educational programs for the Board on different aspects of the business of the Company, which may include business strategy, risk management, financial reporting, products and services, industry trends and developments, corporate governance and other relevant topics. Such presentations or sessions may

be provided by management on its own initiative or at the request of, or in conjunction with, the Governance Committee. Directors are also encouraged to take advantage of any other available educational opportunities that would further their understanding of the business of the Company and enhance their performance on the Board.

### **VIII. Executive Succession Planning**

The Board receives regular updates and recommendations from the Compensation Committee regarding succession planning for the CEO and other key members of the Company's senior management team. The plan of succession includes an assessment of the experience, performance, skills and planned career paths for possible successors for the CEO position and other key executive roles. The Compensation Committee leads the annual review of CEO performance, in which all Board members provide input, and oversees the CEO's performance review of senior executives for purposes of compensation decisions, succession planning and leadership development.

### **IX. Board and Committee Assessment**

The Board is committed to continuous improvement and conducts an annual self-assessment of the performance of the Board and each of the Board committees. The assessment process is led and coordinated by the Governance Committee. The self-assessment is designed to identify areas where the Board and its committees are particularly effective and to surface opportunities for further enhancement. When the self-assessments have been completed, the results and any recommendations made by the Governance Committee to further enhance the Board's functioning are discussed by the full Board.

### **X. Shareholder Access to the Board**

- A. ***Communications with Non-Management Directors.*** Anyone who would like to communicate with, or otherwise make his or her concerns known directly to the chair of any of the Audit, Governance or Compensation Committees, or to the independent directors as a group, may do so by addressing such communications or concerns to the Secretary of the Company, 529 Pleasant Street, Attleboro, Massachusetts 02703 or [companysecretary@sensata.com](mailto:companysecretary@sensata.com), who will forward such communication to the appropriate party as necessary and appropriate. Such communications may be made confidentially or anonymously.
- B. ***Shareholder Recommendations for Board Candidates.*** Shareholders wishing to recommend candidates to be nominated for election to the Company's Board by shareholders at the general meeting of shareholders may do so by submitting the nomination in writing at the above address to the Company Secretary no later than the date specified in the Company's prior annual proxy statement filed with the SEC. Any recommendation must include, without limitation: (i) the candidate's name, age, business address and residence address, (ii) a detailed biography outlining the candidate's relevant background, professional and business experience and other significant accomplishments; (iii) the class and number of shares of each class of share capital of the Company that are owned of record and beneficially by the candidate, together with the date or dates on which such shares were acquired and the investment intent of such acquisition, (iv) a description of all direct and indirect arrangements or understandings between the shareholder proposing the candidate and each candidate; (v) such other information concerning the candidate as would be required to be publicly disclosed under applicable NYSE and SEC rules and regulation; (vi) an acknowledgement from the candidate that he or she would be willing to serve on the Board, if elected; and (vii) any additional information required under the Company's Articles. Shareholder recommendations provided to the Chair of the Governance Committee within this timeframe will be reviewed using the nominating process outlined in the Governance Committee charter.

*Approved by the Board of Directors – October 23, 2018*