



## VISHAY INTERTECHNOLOGY, INC.

### CORPORATE GOVERNANCE PRINCIPLES

#### Role of the Board of Directors

##### 1. General

The Board of Directors (the “Board”) of Vishay Intertechnology, Inc. (the “Company”) is elected by the stockholders of the Company and is the Company’s ultimate decision making body, except with respect to any matters reserved to a vote of the stockholders. These Corporate Governance Principles (the “Principles”) describe the principles and practices that the Board will follow in carrying out its responsibilities.

##### 2. To Oversee Management and Evaluate Strategy

The fundamental responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. It is the duty of the Board to oversee management’s performance to ensure that the Company operates in an effective, efficient and ethical manner in order to produce value for the Company’s stockholders. The Board also evaluates the Company’s overall strategy, as formulated and presented by management, and monitors the Company’s performance against its operating plan and against the performance of its peers.

##### 3. Risk Oversight

Additionally, the Board has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board committees. The Board is responsible for oversight of strategic, financial and execution risks and exposures associated with the Company’s business strategy, policy matters, significant litigation and regulatory exposures, and other current matters that may present material risk to the Company’s or its subsidiaries’ or controlled affiliates’ financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures.

##### 4. Understanding the Company’s business

Directors are expected to invest the time and effort necessary to understand the Company’s business and financial strategies and challenges.

##### 5. To Select the Chair and Chief Executive Officer

The Board will annually elect a Chair of the Board (“Chair”) based on the recommendation of the Nominating and Corporate Governance Committee (“NCGC”). The Chair shall preside at all meetings of the stockholders and the Board as a whole, and shall perform such other duties, and exercise such powers, as from time to time shall be prescribed in the Company’s bylaws or by the Board.



The Board will annually appoint a Chief Executive Officer (“CEO”), other executive officers and senior management, in compliance with the Company’s Certificate of Incorporation and By-laws.

The Board believes that it is important to retain the flexibility to combine or separate the responsibilities of the offices of Chair and CEO, as from time to time may be in the best interests of the Company.

**6. To Evaluate Management Performance and Compensation**

The Compensation Committee of the Board (the “Compensation Committee”) is responsible for setting annual performance goals for the Company’s executive officers and for evaluating the performance of the Company’s executive officers against such goals. It will review and approve the compensation plans, policies and arrangements for executive officers and other officers to ensure they are appropriate, competitive and properly reflect the Company’s objectives and performance.

**7. To Monitor and Manage Potential Conflicts of Interest**

In accordance with the Company’s Related Party Transactions Policy, all members of the Board must inform the NCGC of all types of transactions between them (directly or indirectly) and the Company or any of its subsidiaries or controlled affiliates as soon as reasonably practicable even if these transactions are in the ordinary course of business. The NCGC will review and consider for approval all related party transactions for which NCGC approval is required under the terms of the Company’s Related Party Transactions Policy. The Board will also ensure that there are no unlawful related party transactions.

All members of the Board are expected to comply with the Company’s Code of Business Conduct and Ethics (the “Code”). In addition, the Board is expected to monitor the compliance of the Company’s officers and employees with the Code and the Company’s financial officers and senior financial personnel with the code of ethics that is specifically applicable to them.

**8. To Ensure the Integrity of Financial Information**

The Audit Committee of the Board (the “Audit Committee”) evaluates the integrity of the Company’s accounting and financial reporting systems, including the audit of the Company’s annual financial statements by the independent auditors, and that appropriate disclosure controls and procedures and systems of internal control are in place. The Audit Committee reports to the Board on a regular basis and the Board, upon the recommendation of the Audit Committee, takes the actions that are necessary to ensure the integrity of the Company’s accounting and financial reporting systems and that such controls are in place.

**9. To Monitor the Effectiveness of Board Governance Practices**

The NCGC will annually review and evaluate the effectiveness of the governance practices under which the Board operates and recommend changes to these practices to the Board.



## **10. Succession Planning**

The CEO shall meet annually with the NCGC to discuss possible successors to senior management personnel, including the CEO.

The CEO shall also annually meet with the NCGC to discuss an emergency succession plan, which shall provide for the efficient and timely transfer of the responsibilities of the chief executive officer on an interim basis in the event of the sudden death, incapacity or departure of the CEO. The NCGC will report to the full Board on succession plans for the CEO, along with the NCGC's evaluation of these plans.

## **11. Compensation of Directors**

The form and amount of compensation for service as a director, including compensation for committee service, shall be determined and annually reviewed, by the Board upon the recommendation of the Compensation Committee, with the assistance of management or outside consultants if desired. This review may consider board compensation practices of other similarly sized public companies, contributions to Board functions, service on committees and other appropriate factors.

## **12. Orientation of New Directors and Continuing Education**

New directors are provided with director orientation materials by the Corporate Secretary, including presentations from senior executives and Company policies. The Chair shall schedule other reports and presentations to the Board from the Company's senior executive officers, the heads of its principal businesses and operating units and also third parties, as necessary, to keep the Board informed about matters concerning the business of the Company and its senior personnel, and industry and governance trends generally. Members of the Board shall be entitled to request that the Chair arrange for such reports and presentations.

## **13. Annual Board Self-Evaluation**

The Board (under the supervision of the NCGC) and each Committee of the Board, will conduct a self-evaluation of their performance at least annually. Each Committee will report to the Board on the results of its self-evaluation.

## **14. Communication with Stakeholders.**

The Board believes that executive management has the primary responsibility to communicate with the Company's stakeholder groups, i.e. investors, customers, suppliers, and other constituencies that are involved with the Company, and to set policies for those communications.

## **Composition of the Board of Directors**

### **1. Independent Directors**

It is the policy of the Company that a majority of the members of the Board shall be independent in accordance with the New York Stock Exchange ("NYSE") Listing Standards. The Board will consider all relevant facts and circumstances in making an independence determination that will



contribute to effective oversight and decision making by the Board. Each independent director who experiences a change in circumstances that could affect such director's independence should deliver a notice of such change to the Corporate Secretary. A member of the Board who otherwise satisfies the criteria for independence shall be considered independent notwithstanding that the director also serves as a director of an affiliate of the Company.

## **2. Management Directors**

The Board anticipates that the Company's Executive Chair, if any, and the Company's CEO will be nominated annually to serve on the Board. The Board may also appoint or nominate other members of the Company's management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.

## **3. Board Membership Criteria**

Nominees for the Board must be committed to enhancing long-term stockholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity and must meet the criteria set forth in the NCGC Policy Regarding Qualifications of Directors (the "Director Qualifications Policy"). In selecting directors, the Board will seek directors who will contribute to the Company's overall corporate goals: including responsibility to stockholders, technology leadership, high customer satisfaction and a superior employee working environment. Candidates must also possess a judicious and critical temperament that will enable objective appraisal of management's plans and programs. The Board is committed to diversified membership.

The NCGC may from time to time review the appropriate skills and characteristics required of Board members, including factors such as business experience, diversity, and personal skills in technology, finance, marketing, international business, financial reporting and other areas that are expected to contribute to an effective Board. The NCGC considers these factors in light of the specific needs of the Board at that time.

## **4. Recommendation of Director Nominees by Stockholders**

The NCGC will consider director candidates proposed by the Company's stockholders in accordance with the criteria set forth above. To recommend a prospective director candidate for the NCGC's consideration, stockholders should follow the requirements listed in the Company's policy: Procedures For Securityholders' Submission of Nominating Recommendations.

## **5. Other Board Memberships**

Directors may serve on other public company boards, provided that such service does not interfere or conflict with his or her service as a director of the Company. Directors are expected to inform the Chair and the chair of the NCGC of any directorship of public companies that they have been offered before accepting that directorship. Service on other boards must be consistent with the Company's conflicts of interest policies, and no director may serve on the board of a competitor, whether or not prohibited by applicable law.



## **6. Changes Affecting Directors**

Directors are expected to report to the Chair and the chair of the NCGC when they experience a significant change in their business or professional affiliation or responsibility and to offer to resign from the Board at that time. The NCGC, in consultation with the Chair, shall determine whether the director continues to satisfy the criteria of the Committee for membership on the Board or whether the director's resignation should be accepted.

## **7. Stock Ownership Requirements**

Pursuant to the Non-Employee Directors Stock Ownership Guidelines (the "Guidelines"), each non-employee director of the Company is required to own shares of the Company's common stock having an aggregate fair market value equal to or greater than five (5) times the annual cash retainer payable to a non-employee director in the preceding calendar year for service on the Board pursuant to the Company's applicable Non-Employee Director Compensation Plan. Non-employee directors will have five (5) years from January 1, 2017 to attain the specified level of equity ownership. Any non-employee director elected after January 1, 2017 will have five (5) years from the date of such election to attain the specified level of equity ownership.

The following will be considered "owned" shares of the Company's common stock for purposes of the Guidelines: (i) shares held outright by the non-employee director (and/or his or her spouse, his or her minor children and/or any trust for the principal benefit of those individuals); (ii) vested restricted shares and shares subject to vested but unsettled restricted stock units held by the non-employee director; (iii) shares otherwise beneficially owned, whether directly or indirectly, by the non-employee director, his or her spouse and minor children, and any trust for the principal benefit of those individuals; and (iv) shares beneficially owned, whether directly or indirectly, by any investment fund or similar entity with which the non-employee director is affiliated. For purposes of the Guidelines, shares of Class B common stock of the Company will be treated as shares of Company common stock, with a per share fair market value equal to the per share fair market value of the common stock.

## **8. Size; Term Limits; Retirement**

The Board believes that the appropriate number of directors on the Board should be in the range of 9 to 15, and the Board periodically evaluates the appropriate size based on the then current circumstances.

The Company does not believe that directors should be subject to term limits. The Company is of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Instead, the NCGC will evaluate the desirability of each incumbent director's continued service on the Board when considering the re-nomination of that incumbent for an additional term.

The Board has adopted a retirement policy for directors under which directors may not stand for election or re-election after age 75, unless the Board makes an affirmative determination that,



because of the importance and value of the continued service of a director, the retirement policy should be waived as to that director; provided that in no event may a director stand for re-election after age 85. This policy does not apply to any person who controls 20% or more of the voting power of the Company.

## **Committees**

The Board has established the following committees to assist the Board in discharging its responsibilities: the Executive Committee; the Audit Committee; the Compensation Committee; and the NCGC.

The Executive Committee is authorized to exercise the functions of the Board in the intervals between meetings of the Board to the extent permitted by Delaware law. The Chair and the CEO shall be ex officio member(s) of the Executive Committee. The Chair shall be chair of the Executive Committee. The Board shall consider whether, in light of the anticipated activities of the Executive Committee, one or more Board members should be added to the Executive Committee.

The Audit Committee, Compensation Committee and NCGC have such responsibilities as are specified in Section 303A of the rules of the NYSE for listed companies, and such other responsibilities as are provided in the charters of these committees.

Committee members shall be appointed annually by the Board, taking into consideration the recommendation of the NCGC. The members of the Audit Committee, Compensation Committee and NCGC shall be independent as required by the NYSE Listing Standards and as set forth in the Director Qualifications Policy.

The Company does not have a policy favoring formal rotation of committee members or the committee chairs, in the belief that continuing participation by directors in the work of the committees on which they serve promotes stability and efficiency. The NCGC and the Board may consider the rotation of committee membership and chair positions, however, as they deem appropriate.

Any director shall be entitled to receive copies of the minutes of any committee meeting. In addition, the committees shall make reports to the full Board as provided in their charter and as otherwise shall be appropriate.



## Functions of the Board of Directors

### 1. **Agendas; Advance Distribution of Materials**

The Chair shall establish and circulate with the other board materials referred to below an agenda for each Board meeting. Each director shall be entitled to suggest the inclusion of items on the agenda. Members of the Board shall also be entitled to raise for consideration at any meeting subjects that are not on the agenda for that meeting. However, the Chair shall determine whether discussion of such matters is appropriate at the meeting or whether it is preferable to postpone consideration of such matters to a later meeting based upon time constraints or the advisability of circulating materials to the directors in advance of discussion. Subjects of a highly sensitive nature may be raised for discussion at a meeting without written materials being distributed in advance of the meeting.

### 2. **Attendance**

Directors are expected to attend Board meetings and the meetings of the committees on which they serve, and to devote the time necessary to adequately prepare for these meetings, generally through the review of materials distributed in advance of the meetings. Attendance at meetings may be by conference telephone, although at least annually directors should convene at a meeting in which all or at least a substantial majority are present in person. Board members are expected to attend the Company's Annual Meeting of Stockholders.

### 3. **Board Meetings**

Regular meetings of the Board shall be convened at least four times a year. In addition to these regularly scheduled meetings, special meetings of the Board may be called to address specific issues, and Board members may be called upon to act by written consent. The basic duties of the directors include attending Board meetings and actively participating in Board discussions. Directors are also expected to make themselves available outside of board meetings for advice and consultation.

All meetings of the Board shall be held pursuant to the By-laws of the Company with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Board, shall be filed in the Company records.

### 4. **Meetings of Independent and Non-Management Directors**

The Company's independent directors shall meet in regularly scheduled executive sessions (that is, without the presence of management) during the year. The non-management directors may attend such executive sessions, except that the independent directors shall meet alone in executive session at least once per year. The term "non-management directors" means those directors who are not officers of the Company as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.



**5. Presiding Director**

The chair of the Compensation Committee shall serve as the presiding director for meetings of the non-management directors and the independent directors.

**6. Access to Information**

Directors shall have complete access to individual members of management and other employees of the Company on a confidential basis. Directors shall also have full access to all books and records of the Company and as necessary and appropriate, Board members may consult with independent legal, financial, accounting and other advisors to assist in their duties to the Company and its stockholders.

Directors are encouraged to keep themselves informed of the Company's affairs between Board meetings, through contacts with management and otherwise. Management shall assist, as requested, in arranging such contacts and in providing directors with information concerning the Company and its operations.

**Communications with Stockholders**

Stockholders may contact the Board about bona fide issues or questions about the Company by sending an email to:

Vishay Intertechnology, Inc.  
Attn: Corporate Secretary  
63 Lancaster Ave.,  
Malvern, PA 19355  
Email: [boardofdirectors@Vishay.com](mailto:boardofdirectors@Vishay.com)

Communications should not exceed 1,000 words in length. Each communication should specify the nature of the person's interest in the Company, the applicable addressee or addressees to be contacted as well as the general topic of the communication. The Company will initially receive and process communications before forwarding them to the addressee. The Company generally will not forward to the directors a communication that it determines to be primarily commercial in nature or related to an improper or irrelevant topic, or that requests general information about the Company.

**Periodic Review of the Corporate Governance Principles**

These Principles are reviewed by the NCGC and the Board at least annually.