

Agenda

Jaarlijkse Algemene Vergadering van Aandeelhouders ("AVA") van BE Semiconductor Industries N.V. ("Besi" of de "Vennootschap") virtueel te houden op **vrijdag 30 april 2021** om 10.00 uur

1. Opening

Financieel jaar 2020

2. Bespreking van het jaarverslag 2020 (ter bespreking)
3. Adviserende stemming remuneratierapport 2020 (ter stemming)
4. Bespreking en vaststelling van de jaarrekening 2020 (ter stemming)
5. Dividend
 - a. Reserverings- en dividendbeleid (ter bespreking)
 - b. Vaststelling van dividend (ter stemming)
6. Decharge
 - a. Decharge van de directeur voor het gevoerde beleid (ter stemming)
 - b. Decharge van de commissarissen voor het gehouden toezicht (ter stemming)

Bezoldiging

7. Wijzigingen in het bezoldigingsbeleid 2020-2023 (ter stemming)

Samenstelling Raad van Commissarissen

8. Benoeming van commissarissen
 - a. Benoeming van mevrouw Laura Oliphant als commissaris (ter stemming)
 - b. Benoeming van mevrouw Elke Eckstein als commissaris (ter stemming)

Machtigingen

9. Machtiging van de Directie tot (i) uitgifte van gewone aandelen en verlening van rechten tot het nemen van gewone aandelen en (ii) uitsluiting of beperking van het voorkeursrecht op gewone aandelen en op rechten tot het nemen van gewone aandelen (ter stemming)
10. Machtiging van de Directie tot het verkrijgen van gewone aandelen (ter stemming)
11. Vermindering van het geplaatste aandelenkapitaal door intrekking van gewone aandelen (ter stemming)
12. Statutenwijziging van de Vennootschap (ter stemming)
13. Rondvraag
14. Sluiting

Toelichting

op de agenda voor de AVA van Besi te houden op 30 april 2021.

Agendapunt 2 – Bespreking van het jaarverslag 2020

De Directie zal verslag doen van de hoofdpunten van het jaarverslag 2020. Het jaarverslag 2020 is beschikbaar op de website van de Vennootschap: www.besi.com en ligt ter kennisneming ten kantore van de Vennootschap, Ratio 6, 6921 RW Duiven, tel. (+31) 26 3194500, email: info@besi.com, en ten kantore van ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, email: ava@nl.abnamro.com. Op verzoek wordt het kosteloos beschikbaar gesteld aan de aandeelhouders van de Vennootschap en andere vergadergerechtigden.

Agendapunt 3 – Adviserende stemming remuneratierapport 2020

Het remuneratierapport 2020 is opgenomen in het jaarverslag 2020 op pagina's 80 tot en met 95, opgenomen als Bijlage 1 bij deze agenda en beschikbaar op de website van de Vennootschap: www.besi.com. Het is opgesteld in overeenstemming met de Nederlandse wetgeving ter implementatie van de herziene EU Aandeelhoudersrechtenrichtlijn. In overeenstemming met deze wetgeving zal het remuneratierapport 2020 worden besproken en ter adviserende stemming aan de Algemene Vergadering van Aandeelhouders worden voorgelegd.

Agendapunt 4 – Bespreking en vaststelling van de jaarrekening 2020

De jaarrekening 2020, als opgenomen in het jaarverslag 2020, is voorzien van een goedkeurende verklaring door Ernst & Young Accountants LLP. De Raad van Commissarissen en de Directie stellen de Algemene Vergadering van Aandeelhouders voor om de jaarrekening 2020 vast te stellen.

Agendapunt 5 – Dividend

a. Reserverings- en dividendbeleid

In overeenstemming met de Nederlandse Corporate Governance Code zal de Directie toelichting geven op het reserverings- en dividendbeleid van de Vennootschap.

Bij de jaarlijkse overweging om dividend uit te keren baseert de Directie zich op (i) het behaalde en verwachte financiële resultaat en de liquiditeits- en financieringsbehoeften van Besi, de dan geldende marktvooruitzichten en Besi's strategie, marktpositie en acquisitiestrategie, en/of (ii) een uitkeringsratio van 40-100% van Besi's nettoresultaat met een aanpassing als de factoren onder (i) daar aanleiding toe geven.

b. Vaststelling van dividend

Gezien Besi's resultaat en kasstroom over 2020, de huidige kaspositie en de marktvooruitzichten, wordt voorgesteld om een bedrag gelijk aan 94% van het nettoresultaat van Besi als dividend voor het boekjaar eindigend op 31 december 2020 uit te keren. De Directie, met goedkeuring van de Raad van Commissarissen, stelt derhalve voor om een contant dividend uit te keren gelijk aan € 1,70 per gewoon aandeel.

Vanaf 7 mei 2021 zal betaling van het dividend plaatsvinden. Indien het dividendvoorstel wordt aangenomen, zullen de gewone aandelen op 4 mei 2021 ex-dividend noteren en zal de dividend-registratiedatum op 5 mei 2021 worden gesteld.

Agendapunt 6 – Decharge

a. Decharge van de directeur voor het gevoerde beleid

Voorgesteld wordt om de directeur decharge te verlenen voor het in 2020 gevoerde beleid. De decharge zal worden verleend op basis van hetgeen daartoe vermeld staat in het jaarverslag 2020 en de informatie die aan de Algemene Vergadering van Aandeelhouders is verstrekt.



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b. Decharge van de commissarissen voor het gehouden toezicht

Voorgesteld wordt om ieder van de commissarissen decharge te verlenen voor het in 2020 gehouden toezicht. De decharge zal worden verleend op basis van hetgeen daartoe vermeld staat in het jaarverslag 2020 en de informatie die aan de Algemene Vergadering van Aandeelhouders is verstrekt.

Agendapunt 7 – Wijzigingen in het bezoldigingsbeleid 2020-2023

Aan de Algemene Vergadering van Aandeelhouders wordt voorgesteld de voorgestelde wijzigingen in het bezoldigingsbeleid 2020-2023, met inbegrip van de principes en procedures die ten grondslag liggen aan het bezoldigingsbeleid voor de Directie en de Raad van Commissarissen (de "Principes en Procedures"), goed te keuren. Indien deze wijzigingen worden goedgekeurd, zullen de voorgestelde wijzigingen in het bezoldigingsbeleid 2020-2023, met inbegrip van de Principes en Procedures, integraal deel gaan uitmaken van het bezoldigingsbeleid 2020-2023 voor de Directie, en zullen de Principes en Procedures integraal deel gaan uitmaken van het bezoldigingsbeleid 2020-2023 voor de Raad van Commissarissen. De voorgestelde wijzigingen van het bezoldigingsbeleid 2020-2023 zijn opgenomen als Bijlage 2 bij deze agenda en kunnen worden geraadpleegd op de website van de vennootschap: www.besi.com.

Naar aanleiding van de input die van aandeelhouders is ontvangen rondom de Algemene Vergadering van Aandeelhouders van 30 april 2020, heeft Besi het beloningsbeleid 2020-2023 voor de Directie nader geanalyseerd met specifieke focus op de belangrijkste aandachtspunten van aandeelhouders. Besi heeft een onafhankelijk adviesbureau ingeschakeld om te assisteren bij de analyse van de additionele prestatiegerelateerde aandelen die in het kader van Besi's Long-Term Incentive plan aan leden van de Directie worden toegekend, alsmede bij de analyse van de prestatiegerelateerde beloningsmaatstaven in vergelijking met peers. Daarnaast heeft Besi de samenstelling van zijn remuneratie referentiegroep herzien, gezien de aanzienlijke verandering in Besi's financiële profiel, aanwezigheid in de markt, winstgevendheid en marktkapitalisatie sinds de remuneratie referentiegroep tien jaar geleden voor het eerst werd samengesteld. Na afronding van deze analyse zijn in de tweede helft van 2020 gesprekken gevoerd tussen leden van de Raad van Commissarissen en belangrijke institutionele aandeelhouders, zowel in Europa als in de Verenigde Staten. De voorgestelde wijzigingen in het bezoldigingsbeleid 2020-2023 zijn vooral gericht op:

- de afschaffing van de discretionaire basis op grond waarvan de additionele prestatiegerelateerde aandelen kunnen worden toegekend aan leden van de Directie. Deze zal worden vervangen door duidelijk omschreven financiële, strategische, niet-financiële en milieu-, sociale en bestuurlijke doelstellingen;
- de samenstelling van Besi's remuneratie referentiegroep, zodat deze een betere afspiegeling vormt van de peers waarmee Besi concurreert om talent, en het effect daarvan op de afstemming van Besi's prestatiegerelateerde beloning;
- de invoering van een minimum aandelenbezit voor leden van de Directie gelijk aan driemaal hun basissalaris. Deze voorgestelde wijzigingen hebben tot doel de belangen van de Directie beter te laten aansluiten bij die van de aandeelhouders van Besi.

Agendapunt 8 – Benoeming van commissarissen

Na twaalf jaar als commissaris zitting te hebben gehad, zal de heer Douglas Dunn zich aan het einde van zijn huidige zittingsperiode, die afloopt na de AVA, niet opnieuw laten voordragen voor herbenoeming. Daarnaast zal mevrouw Mona ElNaggar voor het einde van haar huidige zittingsperiode haar functie als commissaris neerleggen om andere belangen na te streven. Haar voorgenomen aftreden zal ingaan op de datum waarop de benoeming van mevrouw Elke Eckstein tot commissaris ingaat.

a. Benoeming van mevrouw Laura Oliphant als commissaris

De Raad van Commissarissen stelt voor mevrouw Laura Oliphant te benoemen tot lid van de Raad van Commissarissen voor een termijn van vier jaar.

Mevrouw Oliphant (58) is een venture capital investeerder en technologie "veteraan" met significante ervaring in de halfgeleider-, halfgeleiderapparatuur- en software-industrie. Momenteel is mevrouw Oliphant onafhankelijk adviseur bij Serendibite Partners, waar zij expertise levert aan startende ondernemingen, Fortune 500-bedrijven en venture capital bedrijven. Daarvoor was mevrouw Oliphant CEO van Translarity, Inc, een venture-ondersteunde, geavanceerde probe card startup. Tussen 2001 en 2016 was mevrouw Oliphant investment director bij Intel Capital, en tussen 1991 en 2001 bekleedde zij verschillende functies bij Intel Corporation in de Technology en Manufacturing Group, onder meer als supply chain program manager en senior process engineer. Zij behaalde haar PhD in Chemical Engineering aan de University of California, Berkeley, waar haar onderzoek zich richtte op platingtechnologieën. Momenteel heeft mevrouw Oliphant non-executive posities bij Aehr Test Systems (NASDAQ), Feasible Inc., Novelda AS en Numascale AS.

Mevrouw Oliphant is onafhankelijk in de zin van de Nederlandse Corporate Governance Code en bezit geen gewone aandelen in het aandelenkapitaal van de Vennootschap.

b. Benoeming van mevrouw Elke Eckstein als commissaris

De Raad van Commissarissen stelt voor mevrouw Eckstein met ingang van 1 september 2021 te benoemen tot lid van de Raad van Commissarissen voor een termijn van vier jaar.

Mevrouw Eckstein (56) is momenteel CEO en President van ENICS Group Electronics, een dienstverlenend bedrijf op het gebied van elektronicaproductie gevestigd in Zürich, Zwitserland, een functie die zij sinds 2019 bekleedt. Daarvoor bekleedde ze senior management posities bij verschillende wereldwijde halfgeleider-, fotonica- en elektronica-bedrijven in Duitsland, de Verenigde Staten, Frankrijk en Taiwan, waaronder Weidmüller Group, Osram AG, Global Foundries, AMD, Altis Semiconductor, Infineon AG en Siemens AG.

Mevrouw Eckstein is onafhankelijk in de zin van de Nederlandse Corporate Governance Code en bezit geen gewone aandelen in het aandelenkapitaal van de vennootschap.

De gegevens met betrekking tot de te benoemen commissarissen als bedoeld in artikel 2:142 lid 3 van het Burgerlijk Wetboek zijn beschikbaar op de website van de Vennootschap: www.besi.com en liggen ter kennisneming ten kantore van de Vennootschap, Ratio 6, 6921 RW Duiven, tel. (+31) 26 3194500, e-mail: info@besi.com, en ten kantore van ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, e-mail: ava@nl.abnamro.com. Op verzoek worden ze kosteloos beschikbaar gesteld aan de aandeelhouders van de Vennootschap en andere vergadergerechtigden.

Indien zowel mevrouw Oliphant als mevrouw Eckstein worden benoemd als commissaris, zal de diversiteit binnen de Raad van Commissarissen toenemen, waardoor de vertegenwoordiging van vrouwen zal stijgen van 20% naar 40%.

Agendapunt 9 – Machtiging van de Directie tot (i) uitgifte van gewone aandelen en verlening van rechten tot het nemen van gewone aandelen en (ii) uitsluiting of beperking van het voorkeursrecht op gewone aandelen en op rechten tot het nemen van gewone aandelen

Voorgesteld wordt om de huidige machtiging van de Directie, welke verleend is tot 14 mei 2022, te vernieuwen om de Directie in staat te stellen om te besluiten, met goedkeuring van de Raad van Commissarissen, tot:

- (i) uitgifte van gewone aandelen en verlening van rechten tot het nemen van gewone aandelen tot een maximum van 10% van het geplaatste aandelenkapitaal van de Vennootschap ten tijde van de machtiging, te weten 30 april 2021, en
- (ii) uitsluiting of beperking van het voorkeursrecht op gewone aandelen en op rechten tot het nemen van gewone aandelen, eveneens met inachtneming van voormeld maximum.



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Voorgesteld wordt om deze nieuwe machtiging te laten gelden voor de periode van 30 april 2021 tot 30 oktober 2022. Dit voorstel wordt gedaan om de Directie in staat te stellen de Vennootschap op een zo efficiënt mogelijke wijze te financieren. Na goedkeuring zal de huidige machtiging niet meer worden gebruikt.

Agendapunt 10 – Machtiging van de Directie tot het verkrijgen van gewone aandelen

Voorgesteld wordt om de machtiging van de Directie te vernieuwen om, met goedkeuring van de Raad van Commissarissen, namens de Vennootschap, anders dan om niet, gewone aandelen te verkrijgen tot een maximum aantal gewone aandelen gelijk aan 10% van het geplaatste aandelenkapitaal van de Vennootschap ten tijde van de machtiging, 30 april 2021, en overigens binnen de grenzen zoals vastgelegd in de wet en de statuten zoals deze van tijd tot tijd zullen luiden. De verkrijging mag op elke wijze worden geëffectueerd, daaronder begrepen onderhandse transacties en transacties ter beurse. De prijs zal gelegen moeten zijn tussen het bedrag gelijk aan de nominale waarde van de gewone aandelen en het bedrag gelijk aan 110% van de beursprijs. Onder beursprijs zal worden verstaan het gemiddelde van de hoogste prijs per gewoon aandeel voor elk van de vijf beursdagen voorafgaande aan de dag van de verkrijging blijkens de Officiële Prijscourant van Euronext Amsterdam.

Deze nieuwe machtiging zal gelden voor een periode van 18 maanden, te rekenen vanaf 30 april 2021, tot 30 oktober 2022. Deze machtiging stelt de Directie onder meer in staat om aandeleninkoopprogramma's op efficiënte wijze uit te voeren, onder meer voor kapitaalverminderingsoepleinden. Na goedkeuring zal de huidige machtiging niet meer worden gebruikt.

Agendapunt 11 – Vermindering van het geplaatste aandelenkapitaal door intrekking van gewone aandelen

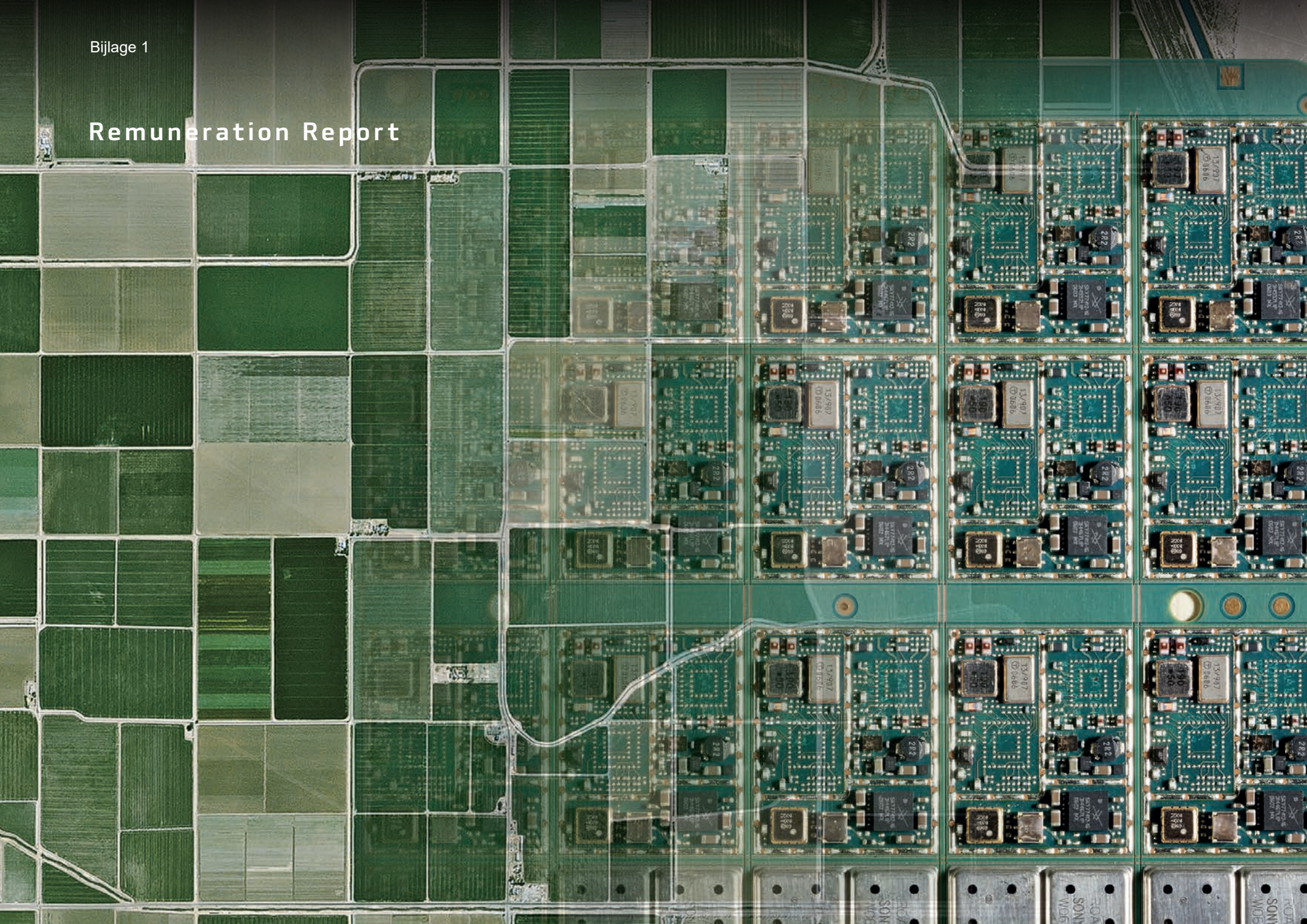
De Directie stelt voor aan de Algemene Vergadering van Aandeelhouders, met goedkeuring van de Raad van Commissarissen, om het geplaatste aandelenkapitaal van de Vennootschap te verminderen door intrekking van gewone aandelen die worden gehouden door de Vennootschap. Het aantal gewone aandelen dat zal worden ingetrokken (al dan niet in een tranche) zal door de Directie naar eigen goeddunken worden vastgesteld, maar mag niet meer bedragen dan 10% van het geplaatste aandelenkapitaal van de Vennootschap per 30 april 2021. De intrekking kan plaatsvinden in één of meer tranches en op tijdstippen die door de Directie naar eigen goeddunken worden vastgesteld. Een vermindering van het geplaatste aandelenkapitaal van de Vennootschap door intrekking van gewone aandelen vindt plaats met inachtneming van de toepasselijke bepalingen van de wet en de statuten zoals deze van tijd tot tijd zullen luiden.

Agendapunt 12 – Statutenwijziging van de Vennootschap

Op 1 juli 2021 zal de Wet bestuur en toezicht rechtspersonen ("WBTR") in werking treden. In het kader van de WBTR zal onder meer een dwingende wettelijke bepaling inzake de afwezigheid van alle commissarissen moeten worden ingevoerd. Aangezien de wetgever niet heeft gekozen voor een overgangsregeling met betrekking tot dit vereiste, stelt de Directie aan de Algemene Vergadering van Aandeelhouders voor om, met goedkeuring van de Raad van Commissarissen, de statuten op dit punt te wijzigen en van de gelegenheid gebruik te maken om de statuten te actualiseren naar aanleiding van enkele recente technische wetswijzigingen.

Het letterlijke voorstel is beschikbaar op de website van de Vennootschap: www.besi.com. Het ligt tevens ter inzage ten kantore van de Vennootschap, Ratio 6, 6921 RW Duiven, tel. (+31) 26 3194500, e-mail: info@besi.com, en ten kantore van ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, e-mail: ava@nl.abnamro.com. Op verzoek wordt het kosteloos beschikbaar gesteld aan de aandeelhouders van de Vennootschap en andere vergadergerechtigden. Het voorstel omvat de machtiging van iedere practice support lawyer en (kandidaat- of toegevoegd) notaris van Freshfields Bruckhaus Deringer LLP, kantoor Amsterdam, om de akte van statutenwijziging te doen verlijden en vervolgens de vereiste registraties te verrichten.

Remuneration Report



Remuneration Report

This Remuneration Report provides an overview of Besi's:

- Remuneration Policy
- Remuneration structure
- Application of the Remuneration Policy in 2020
- Remuneration of the Board of Management
- Proposed amendments to the Remuneration Policy 2020-2023
- Remuneration of the Supervisory Board

The Company has successfully attracted and retained executives who are capable of leading and overseeing the Company at all levels. The Remuneration Policy is designed to facilitate this process. This Remuneration Report is drafted in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Remuneration and Nomination Committee (the "Committee") oversees all remuneration decisions. The Supervisory Board, upon proposal by the Committee, determines the criteria with which to measure the performance of the Board of Management considering their roles and responsibilities. For determining the remuneration of the Board of Management, the Committee is also informed of the remuneration scheme of the direct reports to the Board of Management including the applicable Short-Term and Long-Term Incentive Plans related thereto. Remuneration paid to such direct reports are fully aligned with the performance conditions under the Remuneration Policy.

Besi is committed to fair and responsible remuneration as we believe that all employees are integral to our success. We therefore consider the remuneration of the Board of Management and the Supervisory Board in the context of the remuneration of all Besi employees, including associated pay ratios. Over time, we have made adjustments to our Remuneration Policy to reflect our commitment to develop fair, responsible and transparent compensation plans. Furthermore, the Supervisory Board pro-actively engages with shareholders on matters regarding our Remuneration Policy and invites shareholder feedback whenever there are reasonable objections or concerns.

In implementing the Remuneration Policy, the Committee analyzes the possible outcomes of its variable remuneration elements and how they may affect the total remuneration of the Board of Management. In this respect, the Committee evaluates the development of the Company's underlying share price as well as the risks to which variable remuneration may expose the Company such as the Company's financial performance, business, strategy and ESG execution. Variable remuneration is primarily linked to predetermined, assessable and quantifiable targets which are predominantly of a sustainable nature. It is also linked to Besi's strategy including associated business objectives, values, purpose and vision, all of which are aligned with long-term shareholder value creation.

The dynamic environment in which Besi participates requires the implementation of our Remuneration Policy based on our common values and vision. Our common values help Besi provide a uniform response to internal and external challenges so that we achieve business goals in a fair and equitable manner. For this purpose, we have developed a Code of Conduct which addresses our responsibilities to the Company and to each other and what our stakeholders may expect from us. It is available on our website for further review (www.besi.com). In determining the actual remuneration of the Board of Management, the Committee assesses its actual performance relative to Besi's strategy and Code of Conduct. The Committee also takes into account the impact of the overall remuneration of the Board of Management relative to the pay differentials within the Company and obtains the views of the Board of Management with respect to the level and structure of remuneration.

Remuneration Policy

The Remuneration Policy applicable for the years 2020 up to and including 2023 for the Board of Management (the "Remuneration Policy 2020-2023") was approved by the Annual General Meeting of Shareholders held on April 26, 2019. The Remuneration Policy 2020-2023 was developed in view of changes in legislation, market developments, external market best practices and best practice provisions of the Dutch Corporate Governance Code. During the Annual General Meeting of Shareholders held on April 30, 2020 (the "2020 AGM"), the "Remuneration Principles and Procedures underlying the Remuneration Policies applicable for the years 2020 up to and including 2023 for the Board of Management and the Supervisory Board" were proposed for approval. This proposal received a simple majority of the votes cast but did not receive the required voting majority of 75%. As a result of input received from shareholders in connection with the 2020 AGM, certain amendments to the Remuneration Policy 2020-2023 will be proposed to the Annual General Meeting of Shareholders to be held on April 30, 2021 (the "2021 AGM") as described in "Proposed amendments to the Remuneration Policy 2020-2023" elsewhere in this Remuneration Report.

In addition to the "Remuneration Principles and Procedures underlying the Remuneration Policies applicable for the years 2020 up to and including 2023 Policy for the Board of Management and the Supervisory Board", the Annual General Meeting of Shareholders was asked to provide an advisory vote on the Remuneration Report 2019 at the 2020 AGM. Such proposal received the required simple majority of the votes cast.

The Supervisory Board seeks to achieve three broad goals in connection with Besi's Remuneration Policy and decisions regarding individual compensation:

- The Supervisory Board structures the Company's remuneration programs in a manner that it believes will enable Besi to retain, motivate and attract executives who are capable of achieving its business objectives.
- The Supervisory Board establishes remuneration programs that are designed to reward the Board of Management for the achievement of specified business objectives or related to the member's particular business unit. By linking remuneration to specific goals, the Supervisory Board believes that it creates a performance-oriented environment for the Company's executives.
- The Company's remuneration programs are intended to provide the Board of Management with an equity interest in the Company so as to link a portion of executive remuneration with the long-term performance of Besi's ordinary shares and to align their interests with those of shareholders.

The Supervisory Board regularly (i) reviews Besi's business and strategic objectives, (ii) undertakes risk assessments, (iii) assesses Besi's overall performance with respect to its business and strategic objectives and (iv) considers the performance of the individual member of the Board of Management compared to specific business objectives. Based on these considerations, the Supervisory Board then determines a balanced mix between fixed and variable remuneration components. It also determines a set of key performance indicators linked to variable remuneration components that are aligned with the Company's business and strategic objectives.

In its evaluation of the efficacy of Besi's Remuneration Policy, the Supervisory Board uses a third-party consulting firm to conduct scenario analyses of the variable remuneration components under the policy including the usage of the Monte Carlo stochastic model for the expected Total Shareholder Return ("TSR") performance analysis. The probability of vesting and pay-out of the performance share awards have also been taken into account in the scenario analyses. The Supervisory Board has set the performance targets based on the outcome of the scenario analyses, pay differentials, the executive's position within Besi and the internal pay ratio. In 2020, the internal pay ratio was 42 (2019: 37) based on the annual total remuneration of the Chief Executive Officer relative to the average total remuneration of all other full-time employees as reported in accordance with IFRS (excluding additional performance share awards). Furthermore, when drafting the remuneration proposal for the member of the Board of Management, the Supervisory Board annually considers the views of the member of the Board of Management regarding the level and structure of his own remuneration. The member of the Board of Management is not present when the Committee discusses his fixed and variable pay components.

Remuneration structure

The total remuneration package and pay mix for the member of the Board of Management is established on an annual basis by the Supervisory Board upon proposal by the Committee and consists of five components based on the goals set forth below:

1. Base Salary
2. Short-Term Incentive (annual performance-based cash bonus)
3. Long-Term Incentive (annual conditional award of performance shares and additional performance share awards)
4. Pension
5. Other Benefits

The above components are regularly compared to a remuneration reference group of companies selected based on industry, size, profitability, market capitalization and geography. The following companies are included in this remuneration reference group as adjusted for any acquisition or stock delisting related thereto.

Remuneration Reference Group

Aixtron SE	Jenoptik AG
AMG N.V.	Kendrion N.V.
ASM International N.V.	Koninklijke Wessanen N.V.
Axcelis Technologies, Inc.	Kulicke & Soffa Industries, Inc.
Brooks Automation, Inc.	MTS Systems Corporation
Cohu, Inc.	Siltronic AG
Corbion N.V.	TKH Group N.V.
Entegris, Inc	Ultra Clean Holdings, Inc.
Ichor Holdings, Inc.	Veeco Instruments, Inc.
IMCD N.V.	Xperi Corporation

The composition of this remuneration reference group will be reviewed by the Supervisory Board on a regular basis and updated, if necessary, to ensure an appropriate composition. Any substantial changes to the composition of the remuneration reference group will be subject to the approval of the Annual General Meeting of Shareholders.

In establishing remuneration for the Board of Management, the Supervisory Board consults PwC, a professional external remuneration consultant, in carrying out its duties. The Supervisory Board conducts a remuneration benchmark survey every two years and verifies that the consultant selected does not similarly provide advice to the Board of Management so that no conflicts of interest exist.

1. Base salary

Each year, the Supervisory Board reviews the annual base salary for the member of the Board of Management and considers whether to adjust his base salary level. The base salary of the member of the Board of Management will be determined in relation to the median and 90th percentile base salary levels of the remuneration reference group. The Supervisory Board also considers the historic salary levels of the individual and the nature of the individual's roles and responsibilities in positioning the base salary level relative to the remuneration reference group.

2. Short-Term Incentive (annual performance-based cash bonus)

The annual cash bonus opportunity is linked to the achievement of predetermined performance conditions based on financial, non-financial and ESG objectives as determined by the Supervisory Board. The following performance measures apply:

- *Net income expressed as a percentage of revenue*
The financial measure net income is preferred over other financial ratios for the Short-Term Incentive because net income is:
 - A key indicator in evaluating Besi's overall performance for the year and therefore an important contributor to shareholder value.
 - A key factor given the cyclical market in which Besi operates.
 - A financial measure that can be influenced by the member of the Board of Management.
 - A key component utilized to help determine Besi's stock market valuation.
- *Personal performance of the member of the Board of Management*
The annual criteria to measure the personal performance of the member of the Board of Management are at the sole discretion of the Supervisory Board. As such, the Supervisory Board focuses on a variety of business, strategic, financial and ESG targets that are considered important for the upcoming year and that help contribute to sustainable value creation in the medium- and long-term in line with Besi's strategy.

The Committee will propose annually to the Supervisory Board financial, non-financial and ESG goals to measure the performance of the member of the Board of Management.

The total annual cash bonus opportunity for the member of the Board of Management shall be determined on the basis of the following performance/pay-out grid.

Short-Term Incentive: Performance versus pay-out	At minimum performance (below threshold)	At target performance	At maximum performance
as % of the individual's gross annual base salary			
Net income as % of revenue	0%	70%	105%
Personal performance targets	0%	30%	45%
Total annual bonus pay-out	0%	100%	150%

3. Long-Term Incentive (annual conditional award of performance shares and additional performance share awards)

The Long-Term Incentive consists of a conditional award of performance shares. The award represents a conditional right to receive a certain number of Besi shares depending on the achievement of predetermined financial performance objectives set by the Supervisory Board over a three-year performance period, subject to continued service, which include:

- *Net income as a percentage of revenue over three calendar years*
Net income as a percentage of revenue over the three-year performance period is considered a key measure for creating sustainable long-term shareholder value.
- *Relative Total Shareholder Return ("TSR") over three calendar years*
The development of Besi's share price including the reinvestment of dividends during a three-year performance period will be compared to a comparator group of 19 listed companies operating in the semiconductor equipment industry in which three-month share price averaging will be applied at the start and at the end of the TSR performance period. The TSR over the three-year performance period is also considered a key measure for indicating the development of shareholder value and Besi's TSR relative to its peers in the semiconductor equipment industry. It is also an appropriate performance measure to align the interests of the Board of Management with those of shareholders. The composition of the comparator group will be reviewed and adjusted by the Supervisory Board if circumstances arise which could affect the comparability of the companies involved, particularly in the event of a merger, acquisition or material change of business. Adjustments to the comparator group, including replacements, will be based on predetermined internal guidelines. The TSR comparator group currently consists of the following companies:

TSR comparator group (excluding Besi)

Aixtron SE	Kulicke & Soffa Industries, Inc.
Applied Materials, Inc.	Lam Research Corporation
ASM International N.V.	Nova Measuring Instruments Ltd.
ASML Holding N.V.	Onto Innovation, Inc. ¹
ASM Pacific Technology Ltd.	FormFactor, Inc. ²
Axcelis Technologies, Inc.	SÜSS MicroTec SE
Brooks Automation, Inc.	Tokyo Electron Ltd.
Cohu, Inc.	Tokyo Seimitsu Co., Ltd.
DISCO Corporation	Veeco Instruments, Inc.
Entegris, Inc.	

¹ Following the completion of the merger between Nanometrics, Inc. and Rudolph Technologies, Inc. on October 25, 2019, Nanometrics, Inc. was replaced by Onto Innovation, Inc., the successor post-merger entity.

² Shinkawa Ltd, was renamed Yamaha Motor Robotics following its business Integration into Yamaha Motor Robotics Holdings. Shinkawa was delisted on May 25, 2020 and replaced by FormFactor, Inc. in the TSR comparator group.

Conditional award

The at target number of performance shares conditionally awarded will be determined by the Supervisory Board based on a ratio equal to (i) 175% of the individual's gross annual base salary divided by (ii) the average closing price of Besi's shares for all trading days in the calendar quarter immediately preceding the start of the three-year performance period.

Vesting of performance shares

The number of shares that become unconditional (which vest) will be determined at the end of the three-year performance period depending on Besi's actual performance during such period. Vested shares are subject to a two-year lock-up period which means that the member of the Board of Management will have to retain such shares for two years following the vesting date. However, he will be allowed to sell shares sufficient to cover the income tax liability related to the vesting of the performance shares. The actual number of performance shares which will vest at the end of the three-year performance period will be determined based on the following grid:

Long-Term Incentive: Performance versus vesting	At minimum (below threshold)	At target	At maximum (stretched performance)
	% of performance shares awarded		
Net income as % of revenue ¹	0%	50%	75%
Relative TSR performance ²	0%	50%	75%
Total number of shares vesting	0%	100%	150%

¹ Half of the vesting of the conditional awards is linked to Besi's net income relative to its revenue over the three-year performance period.

² Half of the vesting of the conditional awards is linked to Besi's relative TSR performance over the three-year performance period.

The vesting range of the performance shares awarded subject to Besi's net income as a percentage of revenue is between 0% and 75% of the total number of performance shares awarded to the individual. The performance shares awarded from 2020 onwards subject to Besi's TSR performance are based on the actual absolute ranking of Besi within the comparator group and vest in a range between 0% and 75% of the total number of performance shares awarded to the individual. Vesting is determined based on the following schedule, whereby straight-line vesting percentages are being applied on a pro rata basis between rank 12 and rank 3 for awards made as from 2020:

Besi TSR ranking relative to comparator group	Vesting percentage
Top 3	75%
Rank 6	50% (at target)
Rank 12	25%
Rank 13 - Rank 20	0%

Performance adjustment

After evaluating the three-year performance period for awards made in 2018 and 2019, the Supervisory Board may at its absolute discretion upwardly or downwardly adjust the number of performance shares that will vest by a maximum of 20%. This discretionary performance adjustment may be applied by the Supervisory Board to reflect the Company's overall performance and market developments and further aligns the interests of the Board of Management with those of shareholders. In accordance with the Remuneration Policy 2020-2023, this performance adjustment was eliminated as from 2020 onwards.

Clawback and ultimate remedium

The Short-Term Incentive and Long-Term Incentive components for the Board of Management are subject to clawback provisions. In addition, risk assessment tests are in place and measures are included in the variable remuneration documentation for the Board of Management to ensure that shareholders' interests are protected. In this respect, the Supervisory Board holds the discretionary authority to reclaim all or part of the Short-Term Incentive and Long-Term Incentive if such variable remuneration has been made based on incorrect financial data or other data or in the case of fraud, gross negligence, willful misconduct or any activity detrimental to the Company. This clawback is applicable to both the vested and unvested part of the Long-Term Incentive components.

The Short-Term Incentive and Long-Term Incentive components for the Board of Management are also subject to ultimate remedium clauses under which the Supervisory Board can adjust the value of the conditional variable remuneration components downwards as well as upwards. The adjustment can be made if the Supervisory Board is of the opinion that an unfair result would be produced due to extraordinary circumstances.

Additional performance share awards

The Supervisory Board may, at its absolute discretion and upon the recommendation of the Committee, award up to a maximum of 120,000 additional performance shares to the Board of Management in the event of extraordinary achievements or exceptional performance in a year. Market developments and the views of society are also considered in addition to the performance of the Company and the Board of Management. In case of a market downturn or a high underlying share price, the Supervisory Board may consider a maximum 20% downward adjustment to the additional performance shares awarded.

Additional performance shares awarded are subject to a five-year lock-up period, which means that the Board of Management will have to retain them for five years following the award date. However, the Board of Management is allowed to sell shares sufficient to cover the income tax liability following the transfer of the additional performance shares. Additional performance share awards may also be subject to additional terms and conditions as determined by the Supervisory Board.

If the number of Long-Term Incentive performance shares awarded under the Remuneration Policy 2020-2023 vest between at target and maximum performance levels (stretched performance), such stretched performance shares awarded will be deducted against the 120,000 maximum additional performance shares that can be awarded to the Board of Management at the discretion of the Supervisory Board. Furthermore, in case the Supervisory Board in any year decides to apply an upward adjustment of the number of vested Long-Term Incentive performance shares granted up to and including 2019 (as referred to under Performance Shares Adjustment above), such adjustment will be deducted against the 120,000 maximum additional performance shares.

The Company intends to eliminate the discretionary component associated with the award of up to a maximum of 120,000 additional performance shares as part of a proposal to amend its Remuneration Policy 2020-2023 at the 2021 AGM. It is intended that such awards for extraordinary performance will instead be linked to the achievement of a variety of defined financial and non-financial targets.

Final assembly AMS-LM at Besi Leshan, China.



Number of shares available

The aggregate total number of performance shares available under Besi's Long-Term Incentive arrangement (for all participants including the Board of Management) shall not exceed 1.5% of the total number of outstanding shares as at December 31 of the year prior to the year in which the performance shares are awarded.

4. Pensions

Different pension arrangements are provided to the Board of Management based on their salaries, local customs and the rules existing in their countries of origin. A defined contribution scheme is in place for statutory directors, of whom the CEO is currently the only one. Due to legislative changes enacted in the Netherlands as from the beginning of 2015, part of the pension contribution is no longer tax exempt. As such, in order to provide for a market competitive pension arrangement for Dutch members of the Board of Management, the pension contribution is now based on a premium ladder as in effect from 2014. However, commencing in 2015, a portion of this contribution is funded directly to the personal pension account of the statutory director as a tax-exempt contribution and the remaining balance is paid to the statutory director as a taxable pension allowance which can be used by the statutory director to build up his net pension on a voluntary basis.

5. Other benefits

Other benefits awarded to the Board of Management are linked to base pay and in line with general prevailing market practice. These other benefits include expense compensation, medical insurance and social security premiums.

Loans

As a matter of policy, the Company does not provide loans to members of the Board of Management.

Employment contracts/service contracts

Service contracts with any new member of the Board of Management will in principle be entered into for a period of four years. Existing employment contracts for members of the Board of Management with an indefinite period of time will not be replaced by contracts with a limited period or by contracts with different conditions. The current notice period applicable to the member of the Board of Management is six months.

Severance payment

The remuneration paid to members of the Board of Management in the event of dismissal may not exceed the individual's gross annual base salary (fixed component). If the maximum of one year's salary would be manifestly unreasonable for a member of the Board of Management who is dismissed during his first term of office, such member of the Board of Management shall be eligible for severance pay not exceeding two times his annual base salary.

Application of the Remuneration Policy in 2020

The Supervisory Board, upon the recommendation of the Committee, applied the Remuneration Policy in 2020 without exception as set forth below. The only member of the Board of Management in 2020 was Richard W. Blickman, Besi's CEO.

1. Base salary

At the end of 2019, the base salary of the CEO was reviewed, taking into consideration the remuneration reference group. The Committee analyzed and considered the outcome of this review and recommended to the Supervisory Board a base salary for the CEO set between the median and 90th percentile levels of the remuneration reference group, as outlined in the Remuneration Policy 2020-2023. The Supervisory Board, upon the recommendation of the Committee, decided that the 2020 base salary of the CEO would remain unchanged at € 600,000, equal to the base salary applicable for both 2018 and 2019.

At the end of 2020, the base salary of the CEO was reviewed, taking into consideration the remuneration reference group. The Committee analyzed and considered the outcome of this review and recommended to the Supervisory Board a base salary for the CEO set between the median and 90th percentile levels of the remuneration reference group, as outlined in the Remuneration Policy 2020-2023. The Supervisory Board, upon the recommendation of the Committee, decided that the 2021 base salary of the CEO will remain unchanged at € 600,000.

2. Short-Term Incentive

The Short-Term Incentive (annual performance-based cash bonus) awarded to the member of the Board of Management is based on the following predetermined performance conditions: (i) net income as a percentage of revenue and (ii) personal performance of the member of the Board of Management expressed in certain non-financial and ESG goals that were considered important for 2020. The Committee reviewed at year end the quality of the predetermined financial, non-financial and ESG performance goals and the sustainable value delivered in order to determine the Short-Term Incentive awarded for 2020.

The total annual cash bonus for the member of the Board of Management was as follows.

Short-Term Incentive: Performance versus pay-out	At maximum performance (in euros)
(a) Net income as % of revenue	630,000
(b) Personal performance targets	270,000
(c) Total annual bonus pay-out	900,000

(a) Net income as a percentage of revenue

Besi's 2020 net income as a percentage of revenue was 30.5%. The performance achieved was well above the maximum pre-defined target range set. Upon the recommendation by the Committee, the Supervisory Board awarded the member of the Board of Management for the first financial performance condition a cash bonus equal to 105% of his annual base salary, or € 630,000, for the year 2020.

(b) Personal performance of the member of the Board of Management

The Committee reviewed the performance realized by the member of the Board of Management in relation to five equally weighted and pre-defined personal non-financial and ESG performance objectives representing 30% of the total cash bonus. These five pre-defined personal, non-financial and ESG performance objectives were:

1. The implementation of Besi's strategic plan 2020-2024, including ten COVID-19 related initiatives.
2. The implementation of career development and succession planning for Besi's management team and key staff.
3. The execution of <10 nanometer and hybrid bonding research and development programs with key industry players.
4. The enhancement of ESG programs including ambitions, short-, medium- and long-term targets and reporting metrics related thereto.
5. The development of initiatives to reduce European infrastructure costs via European facility relocation/consolidation.

During 2020, the Committee regularly reviewed the progress of the pre-defined personal, non-financial and ESG performance objectives. Additional objectives were set during the year due to the outbreak of the COVID-19 pandemic. While STI non-financial targets are set prior to the performance year, the Committee decided that the addition of such COVID-19 targets was relevant given their importance to Besi's short- and long-term success.

Based on the strategic updates provided, the effectiveness and progress of the objectives set were tested and monitored by the Supervisory Board during the year. An overall assessment was also completed after year end 2020 including a review of customer satisfaction, strategic plan execution and effectiveness, ESG development and cost reduction initiatives achieved. Based upon the review, it was judged that the execution of strategic initiatives proved to exceed the challenging goals and timelines initially set, including the successful execution in the fourth quarter of 2020 of a hybrid bonding joint development agreement with Applied Materials, Inc. Furthermore, the Committee noted success relative to the additional COVID-19 initiatives and timelines set with respect to the continuity of Besi's supply chain, production and customer deliveries, installation and service amidst unprecedented disruptions to the business caused by the pandemic. This was measured by Besi's superior financial performance, working capital management and

cash flow generation during the pandemic and achievement or over achievement of quarterly financial guidance to investors and analyst expectations set at the beginning of the year (pre-COVID-19), as well as increased customer satisfaction as highlighted in our annual survey. In addition, IT, personnel and management initiatives with respect to the implementation of work from home procedures proved to be very successful resulting in favorable employee retention and satisfaction as measured by the results of a special COVID-19 pulse survey conducted. Targets set for succession planning and ESG progress were also reviewed. The Chief Executive Officer proved to have initiated progress and overachieved targets on both such topics, in particular with respect to the new ESG program and goals related thereto for 2022 through 2030 as explained in further detail elsewhere in this Annual Report.

BESI VALUE CREATION: 2020/2019

(in millions, except share price)	2020	2019	Δ	Highlights
Revenue	€ 433.6	€ 356.2	+21.7%	- Renewed revenue and net income growth amidst COVID-19 pandemic - Peer leading financial metrics maintained - Return on average equity increased to 39.5% (+15.3 pts) - Share price increased by 43.9%. Total return 46.8% - Signed hybrid bonding joint development agreement - Enhanced ESG program. Set long-term targets
Gross Margin	59.6%	55.8%	+3.8 pts	
Net Income	€ 132.3	€ 81.3	+62.7%	
Net Margin	30.5%	22.8%	+7.7 pts	
ROAE	39.5%	24.2%	+15.3 pts	
Share Price	€ 49.58	€ 34.46	+43.9%	

In addition, the Chief Executive Officer enhanced Besi's liquidity, market presence and financial position via the issuance of € 150 million of 0.75% Convertible Notes due 2027. The offering took advantage of market opportunities, further enhanced our position with customers who view Besi as an important partner in their development efforts and provided additional liquidity to deal with external challenges in the future such as the pandemic. Finally, our cost reduction programs and targets set were achieved which helped result in an only 1.7% increase in operating expenses in the face of 21.7% revenue growth achieved in 2020.

In the aggregate, the Committee review found that the Chief Executive Officer attained his goals even despite the unprecedented challenges to Besi's business model created by the outbreak of the COVID-19 pandemic. In the face of such a sudden and external threat, the Committee noted a resilient, flexible and sustainable organization capable of addressing the multi-faceted business, societal and human challenges posed by the pandemic.

Based on this review and upon the recommendation by the Committee, the Supervisory Board decided to award the member of the Board of Management a cash bonus related to his personal performance equal to 45% of his annual base salary for 2020, or € 270,000.

(c) Total Short-term Incentive

The sum of the financial, non-financial and ESG targets comprising the total cash bonus for the year 2020 equaled € 900,000, or 150% of the gross annual base salary, of the member of the Board of Management.

The Supervisory Board, upon the recommendation of the Committee, unanimously decided on such cash bonus based on the Company's superior revenue and net income growth, cash flow generation and return on average equity despite the outbreak of the COVID-19 pandemic. It was also based on Besi's share price appreciation, progress in strategic plan execution, peer leading financial metrics, new hybrid development partnerships realized and progress on ESG and sustainability goals.

3. Long-Term Incentive

Conditional award

As from 2014, the Long-Term Incentive (annual conditional award of performance shares and additional performance share awards) is subject to continued employment and based on the following predetermined performance conditions: (i) net income as a percentage of revenue over three calendar years and (ii) the development of Besi's share price including the reinvestment of dividends during a three-year performance period compared to a comparator group of 19 listed companies operating in the semiconductor equipment industry.

Conditional grants outstanding as of December 31, 2020	Vesting period		
	2018-2020	2019-2021	2020-2022
Conditionally awarded at target	18,026	32,887	31,920
Year of vesting	2021	2022	2023
Range of shares potential vesting (0-150%)	0-27,039	0-49,331	0-47,880

The at target number of conditional performance shares awarded was calculated based on the gross annual base salary of the member of the Board of Management divided by the average closing share price for all trading days in the last calendar quarter of the year immediately preceding the start of the three-year performance period. The number of shares that will actually vest will be based on the above mentioned predetermined performance conditions.

Vesting of performance shares

The vesting of the conditional performance shares for the member of the Board of Management for the 2018-2020 performance share award period was based on the following:

- (i) Net income as a percentage of revenue over the three-year performance period of 26.6% overachieved the target resulting in a maximum vesting of 75% of this part of the performance shares awarded (50% of the total award made). The performance achieved was well above the maximum pre-defined target range set; and
- (ii) Besi ranked at the 9th position within the TSR comparator group resulting in a vesting of 25% of this part of the performance shares awarded (50% of the total award made).

As a result, 100% of the 18,026 shares related to the 2018 performance share award will vest on April 30, 2021, subject to the member of the Board of Management's continued employment until such date. The vested shares are subject to a two-year lock-up period except for the shares that may be sold to cover the withholding/income tax liability upon vesting of the performance shares.

The following table presents the summary of the applicable performance incentive zones and the performance realized for the Short-Term Incentive and Long-Term Incentive awards for 2020:

	Performance criteria applicable for STI and LTI	Relative weighting	Performance incentive zones (as % of base salary)			Performance realized and actual award outcome 2020
			Threshold levels	Target levels and corresponding award	Maximum performance levels and corresponding award	
R.W. Blickman, CEO	STI - net income as % of revenue ("NIR") (NIR Performance incentive zone between 5% and 20%)	70%	Below threshold (0%), vesting starting at threshold levels	Target performance (70%); € 420,000	Maximum performance (105%); € 630,000	Maximum performance (105%); € 630,000
	Personal performance (see above)	30%	Below threshold (0%), vesting starting at threshold levels	Target performance (30%); € 180,000	Maximum performance (45%); € 270,000	Maximum performance (45%); € 270,000
R.W. Blickman, CEO	LTI - net income as % of revenue (NIR Performance incentive zone between 5% and 15%)	50%	At threshold (25%); 4,507 shares Below threshold (0%)	At target (50%) 9,013 shares	Maximum performance (75%); 13,520 shares	Vesting at maximum level 75%; 13,520 shares
	LTI - Relative Total Shareholder Return (performance incentive zone depending on actual ranking of Besi in reference group, see above)	50%	At threshold (25%); 4,506 shares Below threshold (0%)	At target (50%) 9,013 shares	Maximum performance (75%); 13,520 shares	Vesting at threshold level 25%; 4,506 shares
	LTI - Performance adjustment	20%	Minimum (-20% of award): -3,605		At max (+20% of award); +3,605	No performance adjustment
	Additional performance shares (see below)					103,000 shares

Additional performance share awards for the member of the Board of Management

Under the Remuneration Policy 2020-2023, the Supervisory Board may, upon the recommendation of the Committee, award additional performance shares to the member of the Board of Management for extraordinary achievements or exceptional performance, up to a maximum of 120,000 shares.

In January 2020, the Supervisory Board awarded the member of the Board of Management 103,000 additional performance shares. This award was made following the review, inter alia, of quantitative and qualitative financial and strategic/non-financial performance criteria applied for determining whether overperformance was achieved. The financial criteria utilized related to the following financial metrics: (i) Besi's absolute net margin, return on average equity and cash flow efficiency targets for one-year and three-year average periods and (ii) Besi's relative gross margin, net margin and return on average equity as compared to ASM Pacific Technologies and Kulicke & Soffa Industries, Besi's two most directly comparable public company peers with whom we compete. The non-financial criteria utilized related to specific strategic operating initiatives in accordance with Besi's strategic plan 2015-2019 and ESG goals.

The conditional award of additional performance shares was made, in part, due to the recognition of the following business developments:

- The continued successful implementation of Besi's business and ESG strategy.
- Active measures implemented to significantly reduce headcount and overhead in alignment with volatile market conditions.
- The achievement of peer leading gross and net margins of 55.8% and 22.8%, respectively, despite a significant industry downturn and a revenue decrease of 32.2%.
- Overperformance relative to challenging STI and LTI targets.
- The continued expansion of the performance gap between Besi and its peers in terms of key financial metrics such as gross margin, net margin, average return on equity and cash flow generation relative to revenue in a difficult market environment.
- Continued implementation of an attractive capital allocation plan whereby approximately € 167 million was distributed to shareholders even during an industry downcycle.

As a result of the activities and leadership of the member of the Board of Management, the Company is fit for purpose, has successfully retained and enhanced its position (i) as a technological leader in the highly cyclical assembly equipment industry with timely and sustainable forward strategic thinking as to Besi's internal development, (ii) in the assembly equipment market and with its key customers, and (iii) relative to its direct competition. Other items have also been considered in addition to the Company's performance and performance of the member of the Board of Management such as market developments and the views of society. The extraordinary award vested on January 23, 2020 as approved by the Supervisory Board. The vested shares are subject to a five-year

lock-up period which means that the member of the Board of Management will have to retain such shares for five years following the vesting date.

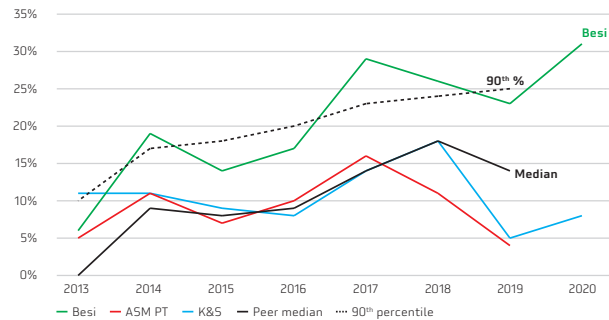
The award is also supported by an analysis of Besi's performance versus its direct competitors in the assembly equipment market (ASM Pacific Technology and Kulicke & Soffa Industries), the median of all industry peers used in our TSR comparator group and the median of all companies used in our remuneration reference group. This analysis includes both one-year and three-year rolling performance periods wherein return on average equity, gross margin and the ratio of cash flow as a percentage of revenue are also considered, reviewed and analyzed in addition to the net income as a percentage of revenue metric as applied under the Remuneration Policy.

As compared to the TSR comparator group, Besi's performance consistently tracks the 90th percentile for the one-year and three-year periods examined. This substantiates the Company's very strong performance over the past seven years in both significant industry up and downcycles and was an important consideration in setting and determining the member of the Board of Management's performance under the Remuneration Policy. In addition, the charts below present Besi's growing outperformance gap versus its direct assembly equipment peers on all metrics analyzed. Both ASM Pacific Technology and Kulicke & Soffa Industries have consistently performed more in line with market median levels which also contributes to the extraordinary performance achieved and considered for awarding the additional performance shares.

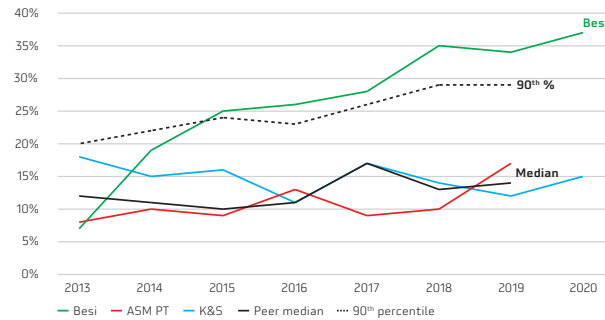
The charts below clearly indicate the success of Besi's strategic execution and the strong development of its financial metrics in a challenging industry environment for the award period. They also highlight Besi's superior performance versus each of its TSR and remuneration reference group peers and growth in its outperformance versus its most direct peers. All such factors help underpin the Supervisory Board's rationale in awarding the additional performance shares to the Chief Executive Officer.

PERFORMANCE COMPARED TO THE TSR REFERENCE GROUP

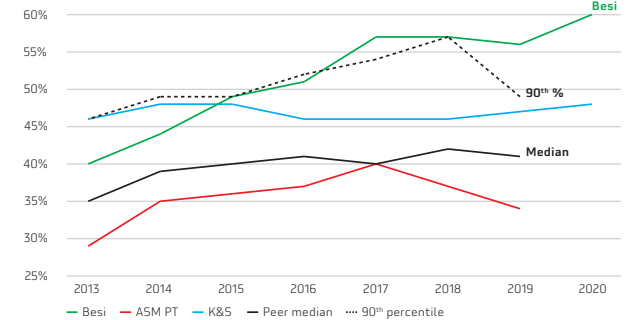
Net Income/Revenue



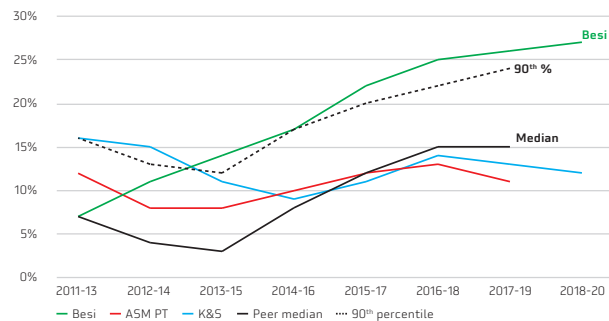
Cash Flow from Operations/Revenue



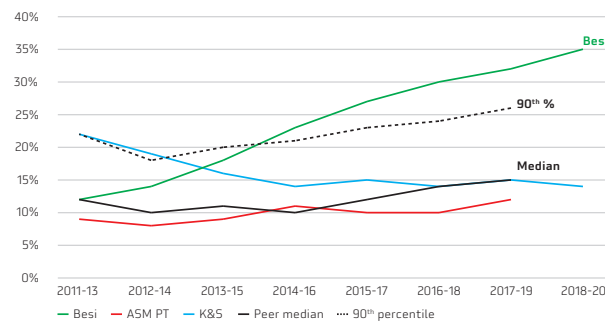
Gross Margin



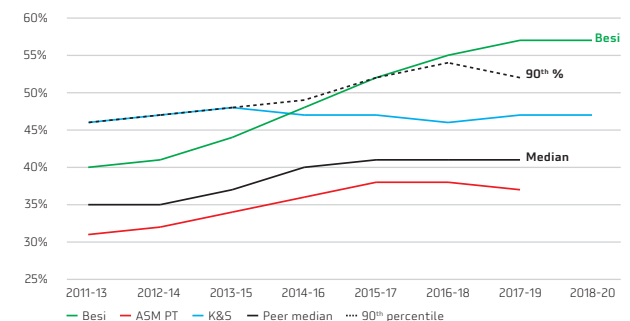
Net Income/Revenue (3yr)



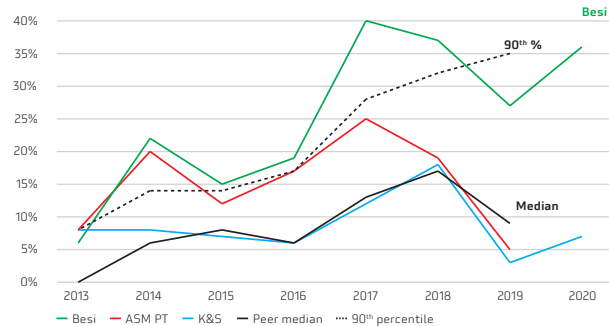
Cash Flow from Operations/Revenue (3yr)



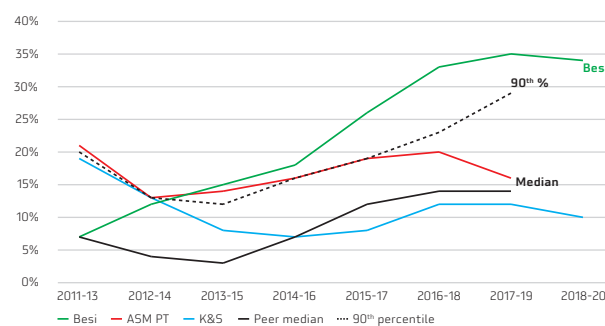
Gross Margin (3yr)



Return on Equity

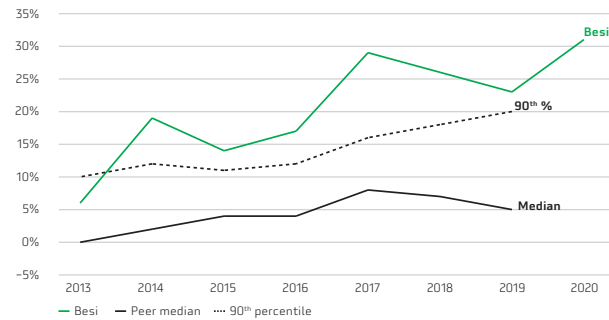


Return on Equity (3yr)

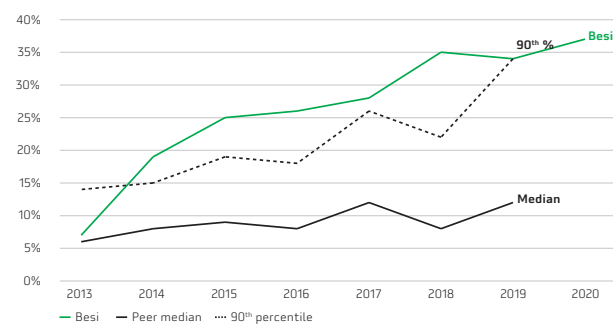


PERFORMANCE COMPARED TO THE REMUNERATION REFERENCE GROUP

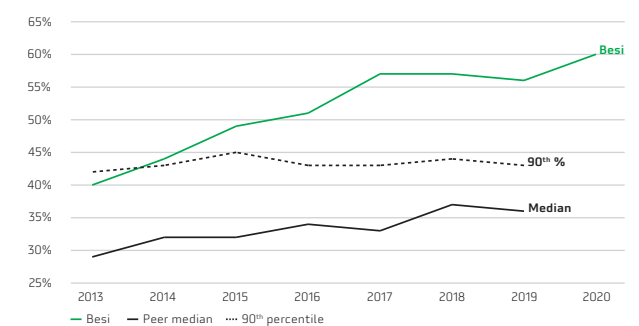
Net Income/Revenue



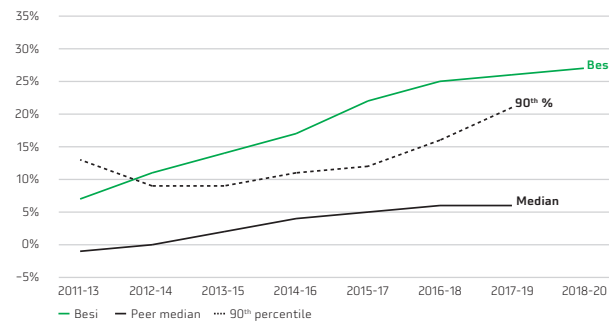
Cash Flow from Operations/Revenue



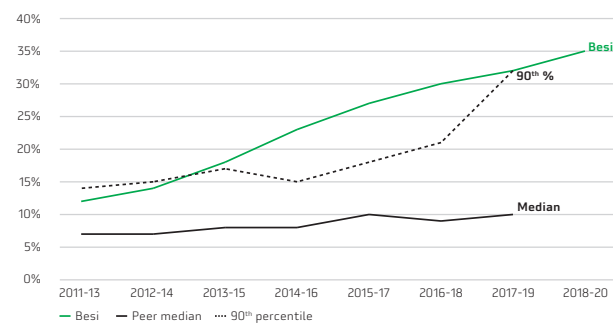
Gross Margin



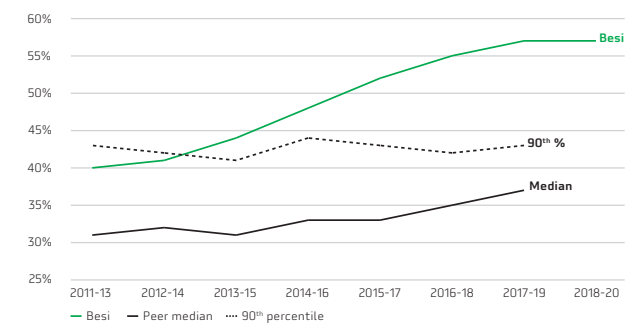
Net Income/Revenue (3yr Avg.)



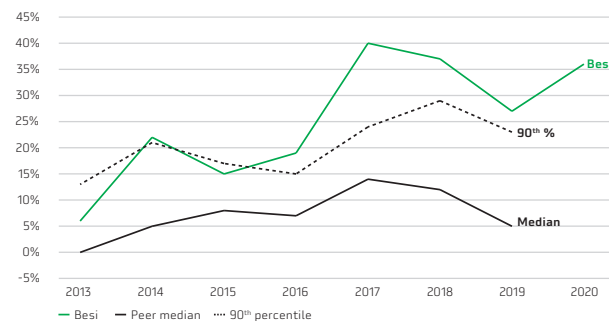
Cash Flow from Operations/Revenue (3yr Avg.)



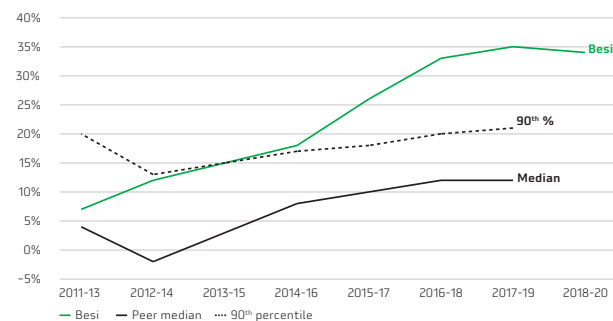
Gross Margin (3yr Avg.)



Return on Equity



Return on Equity (3yr Avg.)



The following table presents the shares awarded or due to the member of the Board of Management for the last five reported financial years and unvested or subject to a holding period as at December 31, 2020:

Name of Director, position	The main conditions of share award plans					Information regarding the reported financial year					
						Opening balance	During the year			Closing balance	
	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Shares awarded at the beginning of the year	Shares awarded	Shares vested	Shares subject to a performance condition	Shares awarded and unvested at year end	Shares subject to a holding period
R.W. Blickman, CEO	2015 PSP	Jan 1, 2015 - Dec 31, 2017	April 30, 2015	April 30, 2018	April 30, 2020	-	-	-	-	-	-
	2016 PSP	Jan 1, 2016 - Dec 31, 2018	April 29, 2016	April 29, 2019	April 29, 2021	-	-	-	-	-	84,672
	2017 PSP	Jan 1, 2017 - Dec 31, 2019	May 1, 2017	April 30, 2020	April 30, 2022	36,074	-	36,074	-	-	36,074
	2018 PSP	Jan 1, 2018 - Dec 31, 2020	April 26, 2018	AGM 2021	AGM 2021+ 2 years	18,026	-	-	18,026	18,026	-
	2019 PSP	Jan 1, 2019 - Dec 31, 2021	April 26, 2019	AGM 2022	AGM 2022+ 2 years	32,887	32,887	-	32,887	32,887	-
	2019 add. PSP		Jan. 17, 2019	Jan. 17, 2019	Jan. 17, 2021	-	-	-	-	-	120,000
	2020 PSP	Jan 1, 2020 - Dec 31, 2022	April 30, 2020	AGM 2023	AGM 2023+ 2 years	-	31,920	-	31,920	31,920	-
	2020 add. PSP		Jan. 23, 2020	Jan. 23, 2020	Jan. 23, 2025	-	103,000	103,000	-	-	103,000
Total						86,987	167,807	139,074	82,833	82,833	343,746

Clawback and ultimate remedium

In accordance with Dutch law and the Remuneration Policy, the Short-Term Incentive and Long-Term Incentive components for the member of the Board of Management are subject to clawback provisions and ultimate remedium clauses. During 2020, no circumstances were identified by the Supervisory Board that could result in any adjustments or clawback.

4. Pensions

Prior to 2015, a defined contribution scheme with an annual contribution (based on a maximum allowed percentage of base salary for tax purposes) was in place for the member of the Board of Management. As a result of the legislative changes applicable for Dutch pension arrangements as from January 1, 2015, the Committee reviewed Besi's pension policy for the members of the Board of Management during 2014.

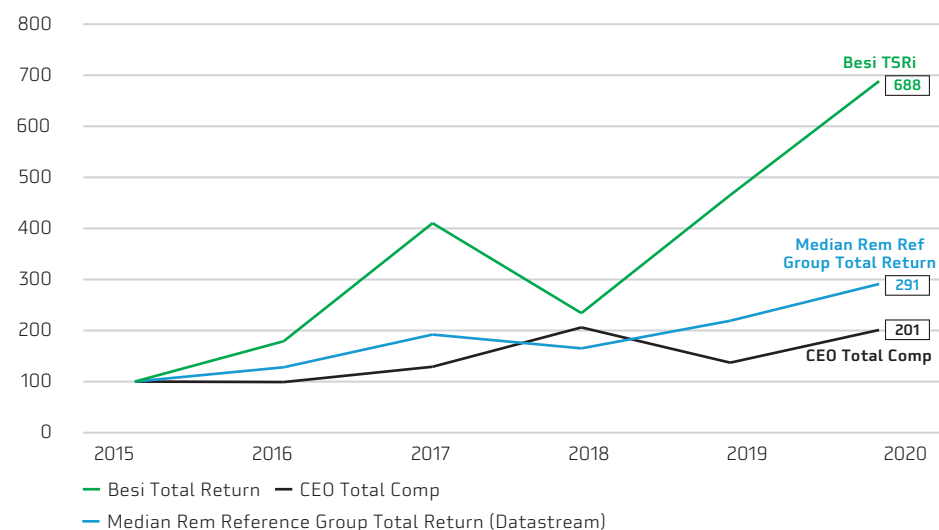
Based on the outcome of this review, as from January 1, 2015, pension contributions for the member of the Board of Management have continued to be based on contributions applicable for 2014. However, a portion of this contribution is now funded directly to the personal pension account of the member of the Board of Management as a tax-exempt contribution and the remaining balance is now paid as a taxed pension allowance, which can be used by the member of the Board of Management to build up his pension on a voluntary basis.

5. Other benefits

Other benefits include expense compensation, medical insurance and social security premiums.

BESI PAY-TSR ALIGNMENT (2015-2020)

Indexed to 2015. Base = 100



Remuneration of the Board of Management

Remuneration of the member of the Board of Management recognized by the Company for the years ended December 31, 2020 and 2019 was as follows:

(in euros, except for performance shares)	Year ended December 31,	
	2020	2019
Base salary	600,000	600,000
Annual cash bonus	900,000	600,000
Other benefits ¹	230,260	239,475
Total cash benefits	1,730,260	1,439,475
Pension contribution ²	35,904	33,159
Equity compensation benefits: Incentive Plan ³	938,690	791,569
Total remuneration, excluding discretionary elements	2,704,854	2,264,203
Equity compensation benefits: additional performance shares ⁴	3,944,900	2,270,400
Total remuneration	6,649,754	4,534,603
Conditional performance shares awarded ⁵	31,920	32,887

¹ Other benefits include expense compensation, medical insurance, employer social security contributions and for 2020 and 2019 a taxable pension allowance of € 181,740 and € 181,008, respectively.

² The pension arrangements for the member of the Board of Management are defined contribution plans. The Company does not have any further pension obligations beyond an annual contribution.

³ Expenses recognized in 2020 and 2019 for performance shares awarded from 2018 to 2020 made under the Incentive Plan as determined in accordance with IFRS.

⁴ Expenses recognized in 2020 and 2019 for the additional performance share award of 103,000 shares which vested on January 23, 2020 and of 120,000 shares which vested on January 17, 2019, as determined in accordance with IFRS.

⁵ Performance shares for 2020 and 2019 may vest in 2023 and 2022, respectively, subject to continued service and the actual performance during the performance period 2020-2022 and 2019-2021, respectively.

Other remuneration information

The actual cash remuneration paid by the Company and the value of the vested equity remuneration to the Board of Management for the years ended December 31, 2020 and 2019 were as follows:

(in euros)	Year ended December 31,	
	2020	2019
Base salary	600,000	600,000
Fringe benefits	230,260	239,475
Total fixed remuneration	830,260	839,475
One-year variable	4,844,900	2,870,400
Equity compensation benefits: Incentive Plan	1,354,939	2,325,093
Total variable remuneration	6,199,839	5,195,493
Pension expense	35,904	33,159
Total remuneration	7,066,003	6,068,127
Proportion of fixed and variable remuneration	12%/88%	14%/86%

The following table presents the items used to evaluate remuneration and Company performance over the last five reported financial years:

Year ended December 31,	2020	2019	2018	2017	2016
<i>Director's actual cash remuneration and value of equity remuneration</i>					
R.W. Blickman, CEO	7,066,003	6,068,127	9,096,692	7,911,037	5,857,080
Board of Management					
Annual change	16%	-33%	15%	35%	12%
<i>Company performance</i>					
Net income as % of revenue realized	30.5%	22.8%	25.9%	29.2%	17.4%
Total shareholder return (base 2015 = 100%)	688%	465%	234%	410%	179%
<i>Average actual cash remuneration and value of equity remuneration</i>					
Full-time equivalent basis of employees, excluding CEO (in thousands)	68.2	64.8	64.7	66.2	61.9
Annual change	5%	0%	-2%	7%	3%

Loans

At the end of 2020, no loans, advances or guarantees were outstanding to the CEO in accordance with the Remuneration Policy.

Proposed amendments to the Remuneration Policy 2020-2023

As a result of input received from shareholders in connection with the 2020 AGM, we conducted a review of the Remuneration Policy 2020-2023 with a specific focus on key areas of shareholder concern. We engaged an independent consulting firm to help us analyze the additional performance share awards of Besi's Long-Term Incentive compensation plan for members of the Board of Management as well as our pay for performance metrics relative to comparable peers. In addition, we reviewed the composition of our remuneration reference group given the significant change in Besi's financial profile, market presence, profitability and market capitalization since the time the remuneration reference group was first constructed ten years ago. Upon the completion of the review, meetings were conducted in the second half of 2020 between members of the Supervisory Board and key institutional shareholders both in Europe and the United States.

The proposals focus primarily on the elimination of the discretionary basis upon which additional performance shares can be awarded to members of the Board of Management and the composition of our remuneration reference group and its impact on our pay for performance alignment. The Supervisory Board also agreed to implement a minimum shareholding requirement for members of the Board of Management equal to three times their base salary. Such proposed elements would further align management's interests with those of Besi's shareholders.

Set forth below is a summary of the principal proposals for approval at Besi's 2021 AGM.

Proposed change to Additional Performance Shares (effective 2021)	Proposed change Remuneration Reference Group (effective 2021)
- Discretionary performance share element eliminated - Replaced by defined financial and non-financial targets against which additional performance shares will be awarded	- Revision of remuneration reference group structure - Proposed change better reflects: - Peers with whom we compete for talent - Our improved business and financial profile, enhanced market presence and market capitalization since initial reference group construction in 2011

The Supervisory Board believes that the financial and non-financial program components and specific targets associated therewith reward exceptional performance, both with respect to defined internal metrics as well as versus the performance of direct peers. They are also strongly aligned with the strategic initiatives set forth in Besi's strategic plan 2020-2024 as well as with stakeholders' interests associated with Besi's long-term, sustainable value creation.

Remuneration Supervisory Board members

The remuneration of the members of the Supervisory Board is reviewed on an annual basis. Effective April 30, 2020, the General Meeting of Shareholders approved the Remuneration Policy of the Supervisory Board. The Remuneration Policy was applied in 2020 as set forth below.

The total cash remuneration of the members of the Supervisory Board for the five years ended December 31, 2020 was as follows:

(in euros)	Year ended December 31,				
	2020	2019	2018	2017	2016
L.J. Hijmans van den Bergh – Chair	79,200	53,900	-	-	-
D.J. Dunn – Member and chair Remuneration and Nomination Committee	66,000	66,000	64,088	60,000	60,000
N. Hoek – Member and chair Audit Committee	66,000	66,000	44,967	-	-
C. Bozotti – Member	62,700	62,700	31,350	-	-
M. ElNaggar – Member	68,700	70,700	60,884	57,000	57,000
Former members of the Supervisory Board:					
T. de Waard	-	26,400	76,800	72,000	72,000
K.W. Loh	-	26,900	60,884	57,000	57,000
J.E. Vaandrager	-	-	20,000	60,000	60,000
Total remuneration	342,600	372,600	358,973	306,000	306,000

The current remuneration of Supervisory Board members is as follows:

- Member of the Supervisory Board, including committee membership(s): € 62,700.
- Member of the Supervisory Board and Chair of a committee: € 66,000.
- Chairman of the Supervisory Board: € 79,200.
- Meeting attendance fees, including conference calls: none.
- Intercontinental travel allowance: € 6,000 for physical attendance at a minimum of three meetings.

The members of the Supervisory Board are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution.

Loans

At the end of 2020, no loans, advances or guarantees were outstanding for any of the members of the Supervisory Board.

BE Semiconductor Industries N.V. (“Besi” or “the Company”)

Proposed Amendments to the Remuneration Policy 2020-2023

The following amendments to the Remuneration Policy 2020-2023 for the Board of Management are proposed to be adopted by the shareholders at the Annual General Meeting of Shareholders to be held on April 30, 2021 (the “2021 AGM”). If approved, they will be integrated into the Remuneration Policy 2020-2023 for the Board of Management and effective as of the financial year 2021.

Introduction

At the Annual General Meeting of Shareholders held on April 30, 2020 (the “2020 AGM”), the principles and procedures underlying the Remuneration Policy for the Board of Management and the Supervisory Board were proposed to be adopted but did not receive the required 75% of the vote necessary for approval. As a result, we conducted a review of the Remuneration Policy 2020-2023 for the Board of Management with a specific focus on key areas of shareholder concern. We engaged an independent consulting firm to help us review the issues raised by shareholders and to formulate proposals responsive to their concerns. Upon completion of the review process, meetings were conducted in the second half of 2020 between members of the Supervisory Board and key institutional shareholders both in Europe and the United States.

The amendments proposed to be made to the Remuneration Policy 2020-2023 for the Board of Management are threefold and are subject to the approval by the shareholders at the 2021 AGM. They consist of:

- The elimination of the discretionary element with respect to the award of additional Performance Shares to the Board of Management.
- The introduction of a shareholding requirement for members of the Board of Management.
- A revised Remuneration Reference Group.

Finally, the principles and procedures underlying the Remuneration Policy for the Board of Management and the Supervisory Board are proposed to be adopted by the shareholders.

Additional Performance Shares

Under the Remuneration Policy 2020-2023 for the Board of Management, the Supervisory Board may, at its discretion and upon recommendation of the Remuneration and Nomination Committee, award additional Performance Shares to members of the Board of Management in recognition of extraordinary achievements or exceptional performance up to a maximum of 120,000 shares.

It is proposed to eliminate the discretionary element associated with the award of additional Performance Shares to the Board of Management. Instead, the award of additional Performance Shares will be linked to defined quantitative and qualitative financial, strategic, non-financial and environmental, social and governance (“ESG”) targets as a means of determining exceptional performance. As presented in the chart below, it is proposed that the achievement of defined financial metrics will represent up to a maximum of 90% of potential additional Performance Shares which can be awarded to members of the Board of Management, for which two separate tests (each of which represents 45% of program components) must be achieved in order to grant the maximum award related thereto (90%, or 108,000 shares). The financial criteria used in the first test consist of three financial targets for 1- and 3-year average periods including Net Margin, Return on Average Equity and Cash Flow from Operations/Revenue. The second financial test requires Besi to outperform its most directly comparable public peers, ASM Pacific Technology Limited and Kulicke & Soffa Industries, Inc., with respect to Gross Margin, Net Margin and Return on Average Equity for the most recent annual or latest twelve-month financial period. In addition, and as presented in the chart below, the achievement of defined strategic, non-financial and ESG targets as determined by the Supervisory Board are proposed to represent up to a maximum of 10% of program components (or 12,000 shares).

Market developments and the views of society are also considered in determining the number of additional Performance Shares which may be awarded to the Board of Management. This means that the Supervisory Board could apply a downward adjustment of the total number of additional Performance Shares that may be awarded in any year by a maximum of 20% in case of a market downturn or a high underlying share price.

Additional Performance Shares awarded vest immediately and are subject to a five-year lock-up period which means that members of the Board of Management will have to retain them for five years following the vesting date.

The charts below highlight the methodology used for the calculation of the number of additional Performance Shares which may be awarded in any year:

Financial Criteria for Awarding Additional PSA (90% Weight)			 Besi
Test 1 45%	Exceed Each Of Three Financial Targets For 1yr And 3yr Average Periods* Up to 54,000 Shares		
	No Award	50%+ Award (Pro-rata)	100% Max Award
	• Net Margin < 20% • ROAE < 20% • CFO/Revenue < 25%	• Net Margin ≥ 20% < 25% • ROAE ≥ 20% < 25% • CFO/Revenue ≥ 25% < 30%	• Net Margin ≥ 25% • ROAE ≥ 25% • CFO/Revenue ≥ 30%
*Test 1 Award Calculation: • Calculate % achieved for each metric in each of 1 and 3 year periods • Total 6 data points • Simple average % of all 6 data points • Multiply by 54,000 shares			
Test 2 45%	Exceed Gross and Net Margins & ROAE vs. direct peers (ASMPT, K&S) for 1 year 54,000 Shares		

1

Strategic/Non-Financial Criteria for Awarding Additional PSA (10% Weight)

 Besi

	Strategic Operating Targets	Description and metrics
1.	Progress on product strategy	Key die attach, packaging, and plating initiatives
2.	Organize R&D to achieve revenue targets in strategic plan	Define governance, structure, allocation and spend
3.	Partner with the winners 2.0	Deepen partnerships with current and future winners
4.	Execution of cost reduction initiatives	Cost-down engineering, supply chain, manufacturing, organization
5.	Capital allocation	Optimize shareholder value through dividends, share repurchases, acquisitions and external financing
	Strategic ESG Targets	Description and metrics
1.	Environmental Impact	Energy use, renewable energy, carbon emissions, water use, waste and hazardous material usage, sustainable design
2.	People/Wellbeing	Diversity and inclusion, employee health and safety, employee development and engagement
3.	Responsible Business	Ethics and compliance, responsible supply chain, community impact, tax practices

2

2

The Supervisory Board believes that the proposed financial, strategic, non-financial and ESG program components and specific targets associated therewith are challenging and aligned with the strategic initiatives set forth in Besi's strategic plan 2020-2024. They are also well aligned with stakeholders' interests with respect to Besi's long-term, sustainable value creation. All targets and program components and achievements in connection therewith will be reviewed by the Supervisory Board on an annual basis.

Shareholding requirement

Besi is also proposing a minimum shareholding requirement for members of the Board of Management equal to 3x their base salary. Such an element would further align the interests of the Board of Management with those of Besi's shareholders. The ratio will be measured annually using the average closing price of Besi's shares for all trading days in the calendar quarter immediately preceding the start of each new financial year. Newly appointed members of the Board of Management will have a period of five years from their date of appointment to satisfy the minimum shareholding requirement.

Remuneration Reference Group

The principles and goals of Besi's Remuneration Policy 2020-2023 for the Board of Management are to attract, motivate and retain highly qualified executives with the relevant backgrounds capable of leading the Company to achieve its strategic business objectives. One component of Besi's Remuneration Policy 2020-2023 for the Board of Management is the composition of the Remuneration Reference Group which is reviewed by the Supervisory Board on a regular basis and updated, if necessary, to ensure an appropriate composition.

Following the review undertaken in 2020, we propose to revise and update our Remuneration Reference Group in order to better align its composition with Besi's current business profile and circumstances. In addition, we seek to better align our pay for performance metrics with those industry peers with which we compete for talent on a regular basis.

The current Remuneration Reference Group was constructed in 2011. Since that time, Besi's business and financial profile has changed as we have grown significantly relative to key metrics such as revenue, net income, market capitalization, return on average equity, net margin, cash flow generation and three-year total shareholder return. Besi's customer, market and global operating presence has also increased significantly as we moved a substantial portion of personnel and operations from Europe to Asia and emerged as the leading player in the advanced packaging segment of the assembly equipment industry. The unique characteristics and highly cyclical nature of the semiconductor assembly equipment industry requires the recruitment of executives familiar with our business, its global nature, its volatility and specific technical and market requirements.

Consequently, we believe that a new and more global Remuneration Reference Group comprised primarily of our industry peers is more compatible with our changed business and financial profile. The proposed change is important so that Besi can continue to attract, motivate and retain highly qualified technical personnel and international executives with the required background, skills and experience necessary to implement Besi's business strategy in an increasingly competitive global semiconductor and semiconductor equipment industry.

As such, we propose to operate two separate Remuneration Reference Groups to better reflect the markets in which we compete and the business profile of Besi's industry peers. They consist of a European group of public companies as our primary reference and a US group of public companies for a secondary, comparative reference, each of which consists of twelve companies as set forth below. The European group consists of virtually all European semiconductor equipment companies and semiconductor manufacturers and reflects a broad cross section of the European semiconductor industry. The US group consists solely of US based semiconductor equipment companies.

Proposed Remuneration Reference Group	
Primary European Reference Group	US Comparative Reference Group
Aixtron SE	Axcelis Technologies, Inc.
ASM International N.V.	Brooks Automation, Inc.
ASML Holding N.V.	Cohu, Inc.
Dialog Semiconductor PLC	Entegris, Inc.
Infineon Technologies AG	FormFactor, Inc.
Melexis N.V.	Ichor Holdings, Ltd.
Nordic Semiconductor	Kulicke & Soffa Industries, Inc.
NXP Semiconductors N.V.	Lam Research Corporation
Siltronic AG	Onto Innovation, Inc.
Soitec	Teradyne, Inc.
SÜSS MicroTEC SE	Ultra Clean Holdings, Inc.
VAT Group AG	Veeco Instruments, Inc.

Principles and Procedures underlying the Remuneration Policy for the Board of Management and the Supervisory Board

The principles and procedures underlying the Remuneration Policy for the Board of Management and the Supervisory Board will be presented and proposed to be adopted at the 2021 AGM and, if approved, will be integrated into the Remuneration Policy applicable to the Board of Management and the Supervisory Board for the same term (i.e. 2020-2023).

Introduction

The Remuneration Policy seeks to achieve three broad goals:

1. The Company's remuneration programs are structured in a manner that it believes will enable Besi to attract, motivate and retain highly qualified executives with the relevant background capable of leading the Company to achieve its strategic business objectives in an increasingly competitive global market.
2. The Company establishes remuneration programs that are designed to reward members of the Board of Management for the achievement of specified business objectives as a whole or the individual executive's particular business unit and are therefore linked to and dependent on the delivery of the Company's strategy in a socially responsible and sustainable manner. By linking variable remuneration to specific financial and non-financial goals that reflect the Company's strategic business objectives, the Company believes that it creates a performance-oriented environment for the eligible executives and to align their interests with those of internal and external stakeholders and the commitment to make a sustainable contribution in society. In designing the Remuneration Policy, the Company considers specific market trends, trends and developments in the industry and trends in society.
3. The Company's remuneration programs are intended to provide members of the Board of Management with an equity interest in the Company linking a portion of executive remuneration with the long-term performance of Besi's ordinary shares and aligning their interests with long-term interests of Besi's stakeholders by imposing a five-year lock-up period following the award date.

In addition to the three broad goals, the Remuneration Policy operates within the framework of the Company's Code of Conduct, which defines the common values inspired by the Company's vision.

Besi's Principles

The design of the Remuneration Policy is based on the guiding principles outlined below. Since the Company does not provide any variable compensation to the Supervisory Board, some of these principles may not or only partly apply to the compensation of the members of the Supervisory Board.

Alignment with strategy

The variable remuneration of the members of the Board of Management is structured with Short-Term and Long-Term Incentives for which the actual payout is directly linked to the realization of financial and non-financial performance objectives as set by the Supervisory Board prior to the start of the relevant performance period. These performance objectives reflect the essential elements of the strategy and business objectives of the Company.

In determining the actual remuneration, the Supervisory Board assesses the actual performance delivered based on the strategy and takes into account and considers the impact and development of the overall remuneration of the Board of Management on the pay differentials within the Company and the views of society. Besi has expanded its ESG activities in recent years with a focus on the environmental impact of its products and operations, sustainability in the supply chain, and the communities in which it operates. Besi aims to report its ESG activities in line with the Global Reporting Initiative Sustainability Reporting Standards. Besi also evaluates its ESG and non-financial risks that could affect both its strategy and business operations. Besi's ESG strategy is influenced by important global trends currently such as climate change and the circular economy as well as challenges such as diversity, human rights and the recruitment of highly qualified technical personnel. Short- and long-term topics are assessed through measures such as materiality analyses, key performance indicators for energy, water and waste usage, customer and employee satisfaction metrics, supplier audits and continuous stakeholder dialogue. Besi's ESG and non-financial risks form an integrated part of the actual remuneration when setting and measuring predetermined non-financial performance objectives.

Performance-oriented pay

The Remuneration Policy supports a performance-oriented pay principle for the Board of Management whereby inappropriate risk-taking behavior is minimized. The Short-Term and Long-Term Incentives are subject to claw-back provisions that provide the Supervisory Board with the discretionary authority to reclaim all or part of the Short-Term and Long-Term Incentives.

Competitive pay

Besi competes for qualified talent in a highly competitive global market. The competitiveness of the Remuneration Policy is benchmarked regularly against a balanced Remuneration Reference Group to determine the total remuneration package for members of the Board of Management.

Consistency and disclosure

The structure of the Board of Management remuneration is consistent with the remuneration structure for senior management positions to ensure internal alignment and to support a shared purpose. In the annual remuneration report and on the Company's website, we provide extensive disclosures of how the Remuneration Policy is implemented. This includes:

- Full disclosure of the peer group used for benchmarking purposes;
- Transparency on the term, as well as the performance measures and weights used in the Short-Term and Long-Term Incentive;
- The realized performance per objective for the Short-Term and Long-Term Incentive.

Alignment with stakeholder interest

As indicated in preparation of and as discussed during and following the 2020 AGM, the views of shareholders as expressed during the 2020 AGM or in dialogue with the largest investors and shareholder representative bodies are considered by the Remuneration and Nomination Committee when operating and setting the Remuneration Policy.

The Remuneration Policy aligns the strategic business objectives of Besi with the interests of the Company's stakeholders and society. As a globally operating company, we have a large variety of stakeholders. We also commit to transparency and high integrity with a broad list of stakeholders who have a strong interest in the Company, including employees, customers, suppliers, business partners and shareholders.

The stakeholders support us to improve constantly by challenging us, sharing insights on their concerns, offering feedback and collaborating with us. We engage with them in both formal and informal ways throughout the year on a wide range of topics that include societal, economic, and environmental aspects and reflect on the feedback provided.

Besi's procedures

Determination and execution

The Remuneration and Nomination Committee is responsible for advising the Supervisory Board in determining, revising, and executing the Remuneration Policy for both the Board of Management and the Supervisory Board. The Remuneration and Nomination Committee actively monitors internal and external developments to determine whether the Remuneration Policy is still aligned to and supportive of the Company's strategic and operational business objectives. If the Remuneration and Nomination Committee believes circumstances so require, it may submit a proposal for the amendment of the Remuneration Policy to the Supervisory Board. If supported by the Supervisory Board, any and all proposals for amendment of the Remuneration Policy will be presented to the General Meeting of Shareholders for adoption.

Within the Remuneration Policy for the Board of Management, the Supervisory Board may exercise discretion in the execution of the policy and the related Incentive Plans, including but not limited to:

- The adjustment of the Base Salary of the members of the Board of Management;
- The update of the Remuneration Reference Group and the TSR peer group in case of de-listings, mergers, or other extraordinary circumstances;
- The adjustment, positive or negative, of the performance of the incentive plans in case of unforeseen or unusual circumstances occurring during the performance period.

Risk assessment and compliance

A comprehensive analysis contemplating the various risks and scenarios associated with variable compensation elements is conducted regularly. This includes the calculation of remuneration under different scenarios, whereby different performance assumptions are reviewed and considered.

The design and implementation of the Remuneration Policy is compliant with applicable laws and corporate governance regulations. Decisions related to remuneration are made in accordance with the Company's Code of Conduct.