

Agenda

Jaarlijkse Algemene Vergadering van Aandeelhouders ("AVA") van BE Semiconductor Industries N.V. ("Besi" of de "Vennootschap") te houden op **vrijdag 29 april 2022** om 10.30 uur op het hoofdkantoor van de Vennootschap, Ratio 6 te Duiven (tevens online te volgen via een webcast)

1. Opening

Financieel jaar 2021

2. Bespreking van het jaarverslag 2021 (ter bespreking)
3. Adviserende stemming remuneratierapport 2021 (ter stemming)
4. Bespreking en vaststelling van de jaarrekening 2021 (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)

Samenstelling Raad van Commissarissen

7. Herbenoeming van commissarissen
 - a. Herbenoeming van de heer Carlo Bozotti als commissaris (ter stemming)
 - b. Herbenoeming van de heer Niek Hoek als commissaris (ter stemming)

Machtigingen

8. 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)
9. Machtiging van de Directie tot het verkrijgen van gewone aandelen (ter stemming)
10. Vermindering van het geplaatste aandelenkapitaal door intrekking van gewone aandelen (ter stemming)

Overig

11. Benoeming van de externe accountant voor de boekjaren 2022 – 2025 (ter stemming)
12. Rondvraag
13. Sluiting

Toelichting

op de agenda voor de AVA van Besi te houden op 29 april 2022.

Agendapunt 2 – Bespreking van het jaarverslag 2021

De Directie zal verslag doen van de hoofdpunten van het jaarverslag 2021. Het jaarverslag 2021 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 2021

Het remuneratierapport 2021 is opgenomen in het jaarverslag 2021 op pagina's 97 tot en met 116, 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 2021 worden besproken en ter adviserende stemming aan de Algemene Vergadering van Aandeelhouders worden voorgelegd.

Agendapunt 4 – Bespreking en vaststelling van de jaarrekening 2021

De jaarrekening 2021, als opgenomen in het jaarverslag 2021, 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 2021 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 2021, de huidige kaspositie en de marktvooruitzichten, wordt voorgesteld om een bedrag gelijk aan 92% van het nettoresultaat van Besi als dividend voor het boekjaar eindigend op 31 december 2021 uit te keren. De Directie, met goedkeuring van de Raad van Commissarissen, stelt derhalve voor om een contant dividend uit te keren gelijk aan € 3,33 per gewoon aandeel.

Vanaf 6 mei 2022 zal betaling van het dividend plaatsvinden. Indien het dividendvoorstel wordt aangenomen, zullen de gewone aandelen op 3 mei 2022 ex-dividend noteren en zal de dividend-registratiedatum op 4 mei 2022 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 2021 gevoerde beleid. De decharge zal worden verleend op basis van hetgeen daartoe vermeld staat in het jaarverslag 2021 of anderszins publiekelijk bekend is gemaakt.



Besi

b. Decharge van de commissarissen voor het gehouden toezicht

Voorgesteld wordt om ieder van de commissarissen decharge te verlenen voor het in 2021 gehouden toezicht. De decharge zal worden verleend op basis van hetgeen daartoe vermeld staat in het jaarverslag 2021 of anderszins publiekelijk bekend is gemaakt.

Agendapunt 7 – Herbenoeming van commissarissen

a. Herbenoeming van de heer Carlo Bozotti als commissaris

De Raad van Commissarissen draagt de heer Carlo Bozotti voor tot herbenoeming als commissaris voor de termijn van vier jaar.

De heer Bozotti (1952) werd voor het eerst benoemd tot lid van de Raad van Commissarissen in 2018. Sinds 2021 is hij vice-voorzitter van de Raad van Commissarissen en voorzitter van de Remuneratie- en Nominatiecommissie.

De heer Bozotti is een ervaren internationaal bestuurder in de halfgeleiderindustrie. Van 2005 tot 2018 was de heer Bozotti president en chief executive officer en enig lid van de raad van bestuur van STMicroelectronics N.V. ("ST"). De heer Bozotti trad toe tot SGS-ATES (later hernoemd tot SGS Microelettronica), een voorganger van ST, in 1977. Tien jaar later, toen SGS Microelettronica uit Italië fuseerde met Thomson Semiconducteurs uit Frankrijk om een nieuwe Europese marktleider te vormen, het huidige ST en wereldwijd een van de leidende halfgeleiderbedrijven, werd de heer Bozotti general manager van de afdeling telecom products van ST. Vervolgens werd hij gepromoveerd tot director corporate strategic marketing en key accounts en later tot corporate vice president marketing en sales, (Noord en Zuid) Amerika. In 1994 werd de heer Bozotti benoemd tot corporate vice president voor Europa en de hoofdkantoorregio's, in welke functie hij de verkopen van ST in Europa, evenals de verkoop aan belangrijke klanten en strategische marketing wereldwijd, overzag. Van 1998 tot 2005 was de heer Bozotti corporate vice president en general manager van de groep memory products van ST. De heer Bozotti is momenteel industrieel partner van FSI, een private equity bedrijf en non-executive director van de board van Avnet Inc.

In lijn met de Nederlandse Corporate Governance Code en gezien het gewenste profiel van de Raad van Commissarissen, beveelt de Raad van Commissarissen aan de heer Bozotti te herbenoemen op basis van zijn uitgebreide kennis en inzicht op het gebied van de halfgeleiderindustrie en de vervulling van zijn rol binnen de Raad van Commissarissen, zoals blijkt uit de afgelopen benoemingsperiode.

De heer Bozotti is onafhankelijk in de zin van de Nederlandse Corporate Governance Code en houdt geen aandelen in het kapitaal van de Vennootschap.

b. Herbenoeming van de heer Niek Hoek als commissaris

De Raad van Commissarissen draagt de heer Niek Hoek voor tot herbenoeming als commissaris voor de termijn van vier jaar.

De heer Hoek (1956) werd voor het eerst benoemd tot lid van de Raad van Commissarissen in 2018 en is sinds zijn toetreding tot de Raad van Commissarissen voorzitter van de Audit Commissie.

De heer Hoek is een ervaren financiële en algemene manager, en is oprichter van Brandaris Capital, een participatie- en (collectief) vermogensbeheermaatschappij waar hij momenteel actief is als director. In het verleden was de heer Hoek bestuursvoorzitter en lid van de raad van bestuur van Delta Lloyd N.V., een (destijds beursgenoteerde) verzekeraar en financiële dienstverlener. De heer Hoek hield ook verschillende financiële en management posities bij Shell tijdens zijn loopbaan. De heer Hoek heeft diverse commissariaten vervuld bij verschillende publieke, private en non-profitbedrijven (in Nederland en internationaal). Op dit moment is de heer Hoek actief als voorzitter van de raad van commissarissen van Arcadis N.V. (tot mei 2022; daarna als lid van de

raad van commissarissen) en Van Oord N.V. Hij is tevens lid van de raad van commissarissen van Cabka N.V. en Anthony Veder Group N.V. (Nederlandse Antillen). Daarnaast is de heer Hoek voorzitter van het bestuur van Stichting Preferente Aandelen Nedap.

In lijn met de Nederlandse Corporate Governance Code en gelet op het gewenste profiel van de Raad van Commissarissen, beveelt de Raad van Commissarissen aan de heer Hoek te herbenoemen op basis van zijn uitgebreide expertise en ervaring op het gebied van financiën, inclusief controleaangelegenheden, en toezichthoudende functies, en de vervulling van zijn rol binnen de Raad van Commissarissen zoals aangetoond tijdens de afgelopen benoemingsperiode.

De heer Hoek is onafhankelijk in de zin van de Nederlandse Corporate Governance Code en houdt geen aandelen in het kapitaal 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.

Agendapunt 8 – 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 30 oktober 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 29 april 2022, 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.

Voorgesteld wordt om deze nieuwe machtiging te laten gelden voor de periode van 29 april 2022 tot 29 oktober 2023. 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 9 – 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, 29 april 2022, 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 29 april 2022, tot 29 oktober 2023. Deze machtiging stelt de Directie onder meer in staat om aandeleninkoopprogramma's op efficiënte wijze uit te voeren, onder meer voor kapitaalverminderingsoeinden. Na goedkeuring zal de huidige machtiging niet meer worden gebruikt.

Agendapunt 10 – 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 29 april 2022. 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 11 – Benoeming van de externe accountant voor de boekjaren 2022 – 2025

De Audit Commissie heeft een beoordeling uitgevoerd van het functioneren van de Besi's externe accountant, Ernst & Young Accountants LLP, over de afgelopen periode. De beoordeling had onder meer betrekking op de kwaliteit, reikwijdte en planning van de controlewerkzaamheden en de onafhankelijkheid, de kwaliteit van de rapportages en de kosten van de externe accountant. De conclusies van deze beoordeling waren positief, op basis waarvan de Audit Commissie de Raad van Commissarissen heeft geadviseerd om Ernst & Young Accountants LLP voor te dragen als de externe accountant voor de boekjaren 2022 – 2025. De Raad van Commissarissen heeft dit advies overgenomen en stelt aan de Algemene Vergadering van Aandeelhouders voor om Ernst & Young Accountants LLP te benoemen als de externe accountant van de Vennootschap voor de boekjaren 2022 – 2025.

Remuneration Report



Remuneration Report

This Remuneration Report has been drafted in accordance with article 2:135b of the Dutch Civil Code and best practice provisions of the Dutch Corporate Governance Code and provides an overview of Besi's:

- Value creation and alignment with remuneration
- Remuneration Policy and shareholder engagement
- Principal components of Remuneration Policy 2020-2023
- Application of the Remuneration Policy in 2021
- Remuneration of the Board of Management
- Remuneration of the Supervisory Board

Besi's Remuneration Policy has been designed to successfully attract and retain executives who are capable of leading and overseeing the Company at all levels. 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 concerning our Remuneration Policy and invites shareholder feedback.

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 is fully aligned with the performance conditions as applicable under the Remuneration Policy.

The dynamic environment in which Besi participates requires the implementation of the 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 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 (www.besi.com) for further review.

In determining the remuneration of the Board of Management, the Committee assesses realized 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 pay differentials within the Company and obtains the views of the Board of

Management with respect to the level and structure of remuneration. In addition, 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 other factors that create variable remuneration exposure such as the Company's financial performance, business, strategy and ESG execution. Variable remuneration is primarily linked to predetermined, assessable and quantifiable financial targets which are predominantly of a sustainable nature. It is also linked to Besi's strategy including associated business, financial and sustainability objectives, values, purpose and vision, all of which are aligned with long-term shareholder value creation.

Besi's value creation and alignment with remuneration

Set forth below is a table presenting Besi's key financial performance indicators for long-term value creation in 2021 versus 2020.

BESI VALUE CREATION 2021/2020

(€ millions, except otherwise stated)	2021	2020	Δ	Highlights
Revenue	749.3	433.6	+72.8%	• Record revenue and net income in 2021. • Peer leading financial metrics. • Return on average equity grows to 57.0% (+17.5pts). • Hybrid bonding orders accelerating. Significant new revenue potential. • Share price up 51.3%. • Significant growth in shareholder distributions.
Gross Margin	59.6%	59.6%	+0.0pts	
Net Income	282.4	132.3	+113.5%	
Net Margin	37.7%	30.5%	+7.2pts	
ROAE	57.0%	39.5%	+17.5pts	
Share Price (€)	75.02	49.58	+51.3%	
Capital Allocation	179.5	91.3	+96.6%	

Other important factors contributing to value creation in 2021 included the following:

Strategic

- The overachievement of key goals set in Besi's last strategic plan 2020-2024, especially as related to the realization of important financial and organizational metrics.
- The initiation and successful completion of a revised strategic plan 2021-2025 with a leading, independent consulting firm incorporating new challenging targets to help Besi exceed € 1 billion revenue by 2025. Toward this end, a new <10 nanometer equipment organization was established, and management group appointed, to help achieve and exceed this target.
- Continued progress of the Besi/Applied Materials joint development agreement with hybrid bonding orders significantly exceeding goals set at the beginning of the year.
- The establishment and execution of new COVID-19 initiatives, timelines and protocols in order to better protect the health, safety and welfare of Besi's stakeholders including the maintenance and continuity of Besi's supply chain, production and customer deliveries, installation and service activities amidst a 72.8% revenue increase in 2021.

Financial

- Achievement or over achievement of quarterly financial revenue and profit guidance to investors and analyst expectations set at the beginning of the year.
- Cost reduction programs and targets set were achieved which helped result in an only 18.9% increase in operating expenses in the face of 72.8% revenue growth achieved in 2021. As such, Besi's operating expenses as a percentage of revenue decreased to a record low of 17.2% in 2021.
- Besi's working capital management and cash flow generation which resulted in an increase in net cash of € 171.7 million, or 86.4% versus year end 2020 to reach € 370.4 million.

Environmental, social and governance

- Expanded reporting against ESG benchmarks.
- Significant reduction of Besi's environmental footprint.
- Increased usage of renewable energy in European locations.
- Improvements to sustainability of Besi's product platforms.
- Additional health and safety protocols implemented in response to the ongoing pandemic.
- Increased employee engagement and motivation.
- Improvements in management diversity and inclusion.
- Continued progress to increase CFSI and SAQ participation in supply chain.

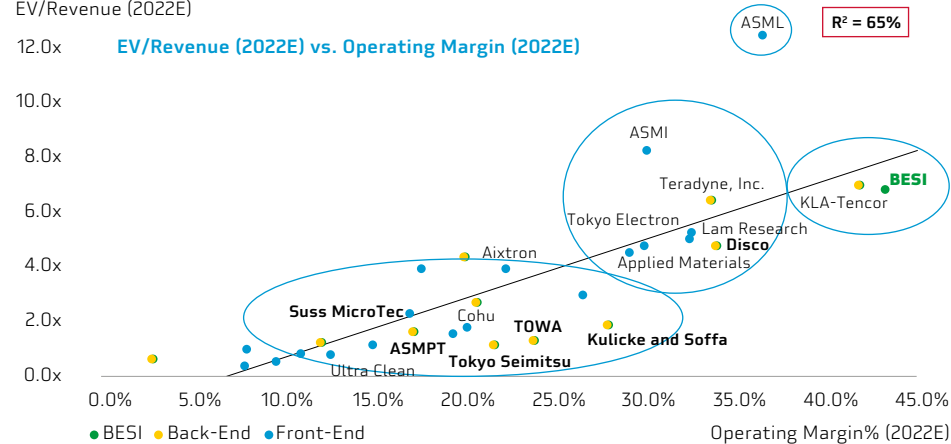
2021 ESG HIGHLIGHTS

Process Pillar	Topic	Progress
Environmental Impact 	Energy Use and Renewable Energy	• Relative reductions in fuel, energy, hazardous waste and water consumption. • Renewable energy sources increased to 92% at European operations. • Installed LED lighting and charging points at all European facilities.
	Carbon Emissions	• Reduced Scope 1 & 2 and 3 emissions intensity by 27% and 4%, respectively. • Remote service, installation and support expanded to further reduce travel and transportation. • Relocated NL Plating group to a smaller, more energy efficient location.
	Sustainable Design	• Launched sustainable design initiatives for die bonding platforms.
People Wellbeing 	Health and Safety	• Additional COVID-19 health and safety measures implemented.
	Diversity and Inclusion	• Increased female management and local management representation and training hours.
	Employee Engagement	• High level of employee engagement and motivation identified in COVID-19 survey.
Responsible Business 	Supply Chain	• Increased % of Purchasing Volume signed CFSI and SAQ. • 94% of PV compliant with ROHS directive. • Implementing new risk map matrix for suppliers.

Besi's exceptional performance in 2021 was also reflected in an increase of its market capitalization by € 2.2 billion, or 62% versus 2020, operating income growth of 111.9% to reach € 317.6 million and an increase in its operating margin from 34.6% to 42.4%. As such, Besi's performance ranked in the upper quartile of all semiconductor equipment companies as set forth in the table below:

BESI PERFORMANCE/VALUATION IN UPPER QUARTILE OF ALL SEMICONDUCTOR EQUIPMENT COMPANIES

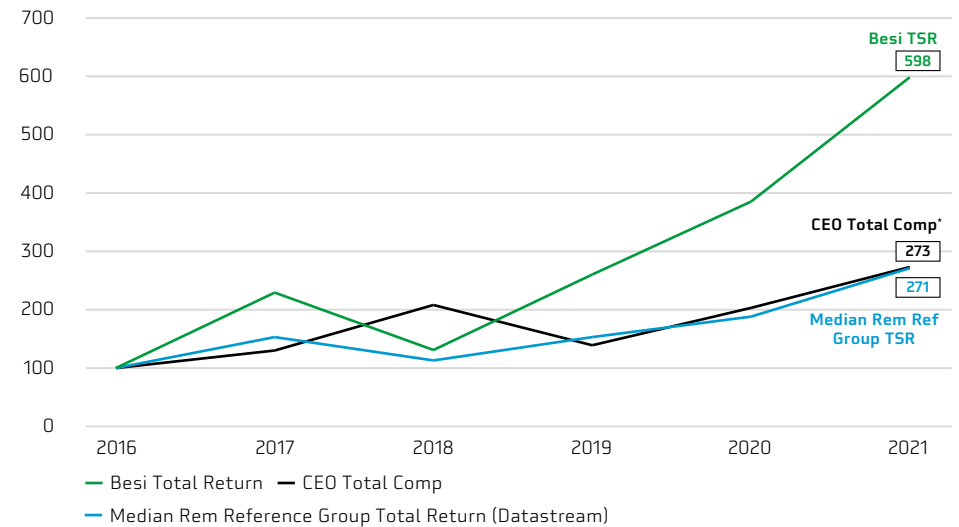
EV/Revenue (2022E)



Source: CapIQ as of December 31, 2021. All values calendarized as per December year end

BESI PAY-TSR ALIGNMENT (2016-2021)

Indexed to 2016. Base = 100



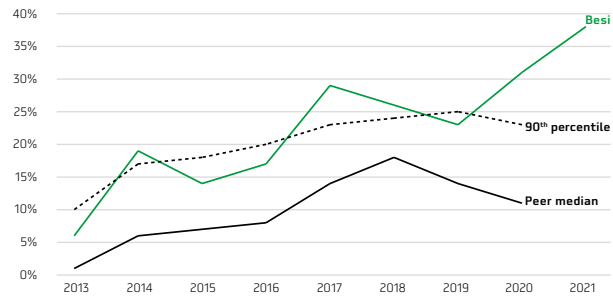
* CEO Total Comp includes base pay, short and long-term incentive pay, and additional PSA.

The Board of Management remuneration is well aligned with Besi's exceptional performance versus peers and superior shareholder returns over the past ten years. In addition, compensation growth since 2016 is significantly below Besi's TSR development and in alignment with the median TSR growth of Besi's Remuneration Reference Group.

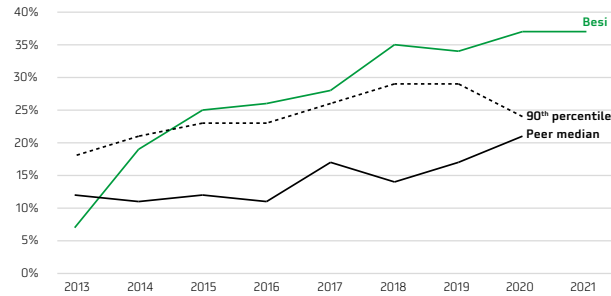
The following charts confirm that, as compared to the TSR comparator group, Besi's performance has consistently tracked at or above the 90th percentile for the one-year and three-year periods examined. This substantiates the Company's very strong performance achieved which has improved significantly over the past seven years in both industry upcycles and downcycles. It was also an important consideration in setting and determining the member of the Board of Management's performance under the Remuneration Policy.

PERFORMANCE COMPARED TO THE TSR REFERENCE GROUP

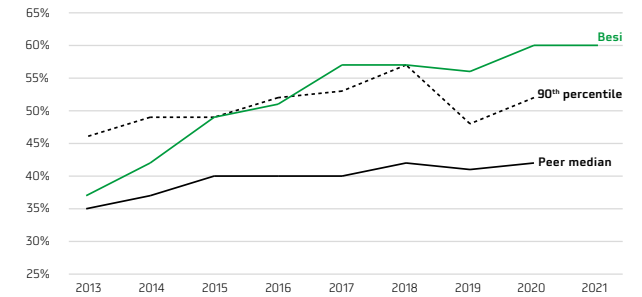
Net Income/Revenue



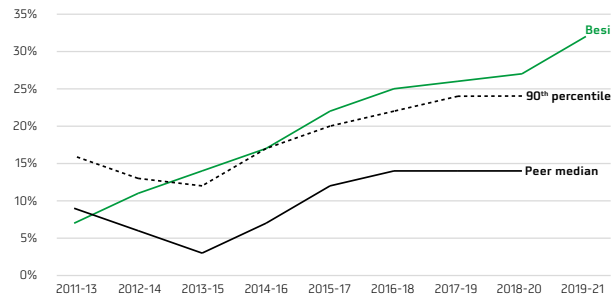
Cash Flow from Operations/Revenue



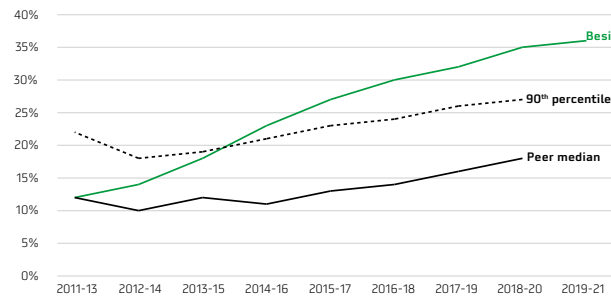
Gross Margin



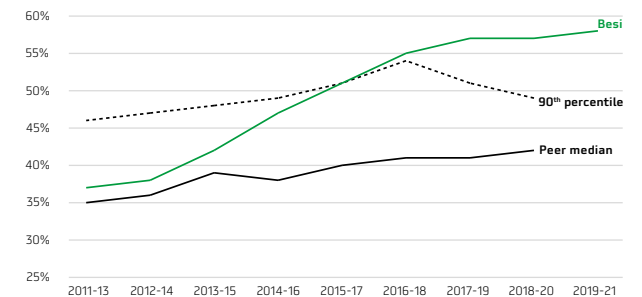
Net Income/Revenue (3yr)



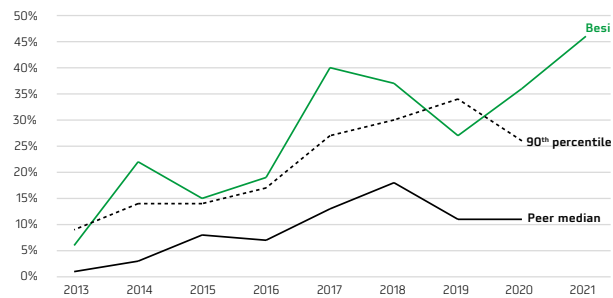
Cash Flow from Operations/Revenue (3yr)



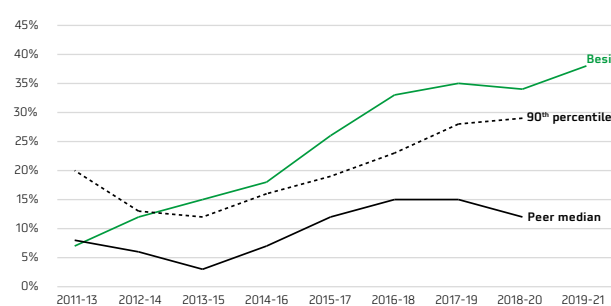
Gross Margin (3yr)



Return on Equity



Return on Equity (3yr)





Cleanroom Besi Austria, Radfeld.

Remuneration Policy and shareholder engagement

The Remuneration Policy for the Board of Management applicable for the years 2020 up to and including 2023 (the "Remuneration Policy 2020-2023") was approved by the Annual General Meeting of Shareholders ("AGM") 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 AGM on April 30, 2021, certain amendments to the Remuneration Policy 2020-2023 were proposed for approval which received a simple majority of votes cast but did not receive the required threshold of 75% for approval under Dutch Law. Shareholders at the 2021 AGM were also asked to provide an advisory vote on the Remuneration Report 2020. Such proposal received the required simple majority of votes cast.

After the 2021 AGM, the Supervisory Board felt that further shareholder engagement was necessary in order to better understand the expectations of our broad and geographically diverse shareholder base also given that the proposed amendments to the Remuneration Policy 2020-2023 did not receive the required super majority of 75% as required under Dutch law. As such, they hired external proxy and corporate governance advisors in 2021 to help facilitate the engagement process and discussion. In addition, they consulted extensively with shareholders during the year in preparation for the 2022 AGM with specific outreach to approximately 25% of the issued share capital as well as proxy advisors in November 2021.

Besi also communicates regularly with its broader shareholder base through an active investor relations program comprised of one-on-one investor calls, conferences and conversations with industry analysts on topics including Besi's business development, prospects, ESG and corporate governance. The number and frequency of shareholder communications has increased significantly in recent years as more investors and industry analysts are interested in Besi's market segment, business and progress. The increase was due to, in part, by significant changes to Besi's scale, profitability, market capitalization and shareholder composition.

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

- It 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.
- It creates a performance-oriented environment for Company executives by linking remuneration to the achievement of specified business objectives or related to the member's particular business unit.
- It designs remuneration programs for the Board of Management well aligned with the interests of shareholders by linking a portion of executive compensation with the long-term performance of Besi's ordinary shares.

The Supervisory Board also (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 versus 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 Besi's business and strategic objectives.

In establishing remuneration for the Board of Management, the Supervisory Board consulted PwC, an external remuneration consultant, in carrying out its duties. In its evaluation of the efficacy of Besi's Remuneration Policy, the Supervisory Board asked PwC 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 at Besi and its internal pay ratio. In 2021, the internal pay ratio was 47 (2020: 42) based on the annual total remuneration of the Chief Executive Officer relative to the average total remuneration of all other fulltime employees as reported in accordance with IFR5 (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 with respect to 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. The Supervisory Board also conducted a remuneration benchmark survey in 2021 prior to which it verified that the consultant selected did not similarly provide advice to the Board of Management so that no conflicts of interest existed.

As a result of the expiration of the current Remuneration Policy 2020-2023 as well as input received from shareholders and proxy advisors, a new Remuneration Policy 2024-2027 will be proposed to shareholders at the AGM to be held in April 2023. Given the proximity to the expiration date of the current remuneration policy and the material nature of prospective amendments, the Supervisory Board feels that the current policy should be maintained this year. Consequently, no amendments to the Remuneration Policy 2020-2023 will be proposed for approval at the 2022 AGM.

Besi proposes to make the following key adjustments, among others, to any new proposed Remuneration Policy based on input received from shareholder outreach conducted by members of the Supervisory Board with key investors both in Europe and the United States post the 2020 and 2021 AGMs:

1. Simplify the remuneration structure for the Board of Management by integrating Besi's LTI share-based compensation component with the additional performance shares awarded to the Board of Management for exceptional performance in any particular financial year.
2. Eliminate the discretionary element involved in share-based compensation for the Board of Management in favor of the application of defined, measurable and challenging financial and non-financial metrics in determining awards in accordance with Besi's Strategic Plan.
3. Revise the current remuneration reference group first established in 2011 to better reflect Besi's improved business and financial profile, enhanced market presence, profitability and stock market capitalization as well as the global competitors against whom we compete for talent.
4. Establish a minimum level of share ownership for members of the Board of Management equal to three times the base salary of the Chairman of the Board of Management and two times the base salary for other members to better align the interests of the Board of Management with those of shareholders.

The Supervisory Board believes that such proposed changes to its remuneration policy will better align stakeholders' interests with Besi's long-term, sustainable value creation model.

Principal components of the Remuneration Policy 2020-2023

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. It is comprised 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.

STRUCTURE OF BOARD OF MANAGEMENT REMUNERATION

Pay Component	Remuneration Policy 2020-2023
Base Salary	Set by Supervisory Board based on median and 90th percentile levels of remuneration reference group.
STI (Cash)	0-150% of base salary. - Tied to net margin and personal performance targets.
LTI (Shares)	- Grant up to 175% base salary. - Vesting of 0-150% of grant. - Tied to 3 year net margin + 3 year TSR versus reference group. 3 year vesting. 2 year lockup.
Additional performance shares	0-120k shares for exceptional performance. - Supervisory Board determines based on financial and strategic/ ESG metrics. - Immediate vesting. 5 year lockup.

The components underlying the remuneration of the Board of Management 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 currently, as adjusted per annum 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.	Kulicke & Soffa Industries, Inc.
Axcelis Technologies, Inc.	MTS Systems Corporation
Brooks Automation, Inc.	Siltronic AG
Cohu, Inc.	TKH Group N.V.
Corbion N.V.	Ultra Clean Holdings, Inc.
Entegris, Inc.	Veeco Instruments, Inc.
Ichor Holdings, Inc.	Xperi Corporation
IMCD N.V.	

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

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 is determined relative 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 for the member of the Board of Management is linked to the achievement of two predetermined performance conditions which comprise net income as a percentage of revenue and personal performance goals set by the Supervisory Board on an annual basis. As such, the performance conditions incorporate financial, non-financial and ESG objectives according to 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%

The two performance conditions are explained in more detail below:

- *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 nature of the 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 used to measure the personal performance of the member of the Board of Management are at the sole discretion of the Supervisory Board. Each year, the Committee proposes to the Supervisory Board a set of specific goals for the member of the Board of Management based on a variety of business, strategic, financial and ESG targets considered important to Besi's achievement of sustainable value creation in the medium-term and long-term in alignment with the Company's strategic planning.

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

The Long-Term Incentive for the member of the Board of Management consists of a conditional award of performance shares based on the achievement of predetermined objectives set by the Supervisory Board over a three-year performance period, subject to continued service. The performance metrics utilized as the basis for this award include:

- *Net income as a percentage of revenue over three calendar years:*
Net income as a percentage of revenue over a 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 TSR over a three-year performance period is also considered a key measure for indicating the development of shareholder value and Besi's relative share price performance versus 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. This metric measures the development of Besi's share price, including the reinvestment of dividends, over a three-year performance period as compared to a comparator group of 19 publicly listed companies operating in the semiconductor equipment industry. Three-month share price averaging is applied at the start and at the end of the TSR performance period. 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.
ASM Pacific Technology Ltd.	FormFactor, Inc. ¹
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 Shinkawa Ltd, was merged into Yamaha Motor Robotics Holdings in 2020. As such, its stock 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 vesting of performance shares awarded will be determined at the end of the three-year performance period depending on Besi's actual performance during such period according to the following grid:

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

As shown in the table above, 50% of the vesting of the conditional awards is linked to Besi's net income relative to its revenue over the three-year performance period. The other half is linked to Besi's relative TSR performance over the three-year performance period. 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. In addition, 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 resulting from the vesting of performance shares.

Vesting is determined based on the following schedule, whereby straight-line vesting percentages are 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

For awards which were granted in 2019 and which vest in 2022, the Supervisory Board may at its absolute discretion upwardly or downwardly adjust the number of performance shares by a maximum of 20%. This discretionary performance adjustment may be applied to reflect the Company's overall performance and market developments and further align the interests of the Board of Management with those of shareholders. In accordance with the Remuneration Policy 2020-2023, this performance adjustment was eliminated for performance shares granted 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 was 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 during a fiscal year. Market developments and the views of society are also considered in addition to the performance of the Company and the Board of Management.

If the number of Long-Term Incentive performance shares awarded under the policy vest between at target and maximum performance levels (stretched performance), such Performance Shares related to stretched performance levels will be included as part of the maximum 120,000 additional performance shares that can be awarded to members of the Board of Management at the discretion of the Supervisory Board. In addition, the Supervisory Board has the right to downwardly adjust the number of additional performance shares awarded to the Board of Management by up to a maximum of 20% in case of a market downturn or a high underlying share price.

Additional performance shares awarded vest immediately but 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 any income tax liability arising from the vesting of additional performance shares. Additional performance share awards may also be subject to additional terms and conditions as determined by the Supervisory Board.

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. The pension contribution on behalf of the statutory director is based on a premium ladder as in effect from 2014 of which a portion is funded directly to his personal pension account as a tax-exempt contribution and the remaining balance is paid as a taxable pension allowance which can be used to build up his net pension on a voluntary basis.

5. Other benefits

Other benefits awarded to the Board of Management such as expense compensation, medical insurance and social security premiums are linked to base pay and are in accordance with generally prevailing market practice.

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

In the event of dismissal, the remuneration paid to members of the Board of Management may not exceed the individual's gross annual base salary (fixed component). If the maximum of one-year's base 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 (2020-2023) in 2021

The Supervisory Board, upon the recommendation of the Committee, applied the Remuneration Policy in 2021 without exception as set forth below. The only member of the Board of Management in 2021 was Richard W. Blickman, Besi's CEO.

In the aggregate, the Committee review found that the Chief Executive Officer and the sole member of the Board of Management attained, and in many instances, exceeded his goals for 2021 despite the unprecedented challenges to Besi's organization, operations and supply chain created by the ongoing COVID-19 pandemic in the midst of a strong industry upturn. This was of particular note given the substantial increase in customer demand which resulted in record revenue and net income of € 749.3 million and € 282.4 million, respectively, increases of 72.8% and 113.5% versus 2020. In the face of such external challenges and record demand by customers, the Committee noted a resilient, flexible and sustainable organization capable of addressing the multi-faceted business, societal and human challenges posed by the pandemic. Targets set for succession planning and ESG progress were also reviewed. The Chief Executive Officer proved to have initiated progress on both such topics and overachieved with respect to ESG KPIs and initiatives set in 2020 and goals established for 2022 and 2023.

1. Base salary

At the end of 2021 and 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 2022 base salary of the CEO would remain unchanged at € 600,000, equal to the base salary applicable for the past four years (2018-2021).

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

The Short-Term Incentive 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 relative to certain non-financial and ESG goals of importance for the year 2021. In order to determine the Short-Term Incentive awarded for 2021, the Committee reviewed at year end the quality of the predetermined financial, non-financial and ESG performance goals and the sustainable value delivered with respect thereto. As a result, 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 (€)
(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

The targets set for net income expressed as a percentage of revenue are as follows:

%	STI % of base salary
<5%	0%
5-12%	0-100% pro rata
12-20%	100-150% pro rata
>20% ¹	150%

¹ >20% is considered a stretched target in comparison to peer performance.

Besi's 2021 net income as a percentage of revenue was 37.7%, which was well above the maximum pre-defined target range set of 20%. Upon the recommendation by the Committee, the Supervisory Board awarded the member of the Board of Management for this financial performance condition a cash bonus equal to 105% of his annual base salary, or € 630,000.

(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 with respect to five equally weighted and pre-defined personal, non-financial and ESG performance objectives representing 30% of the potential total cash bonus. These five pre-defined personal, non-financial and ESG performance objectives were:

Pre-defined performance objectives	Weight	Achievements 2021
- Update Besi's Strategic Review 2020-2024 including initiatives related thereto. - Define updated strategic supply chain model and organization. - Identify resources, expenditures and timescale to carry out these initiatives and review regularly with the Supervisory Board. - Strategic Review to include competitive analysis, potential M&A roadmap and product strategy.	20%	- Engaged Bain Consulting Group in July 2021 to assist in a strategic review 2021-2025 which was concluded in November 2021. - Extensive interviews conducted with management, customers, suppliers and external third parties. - All topics investigated and reviewed with new initiatives developed. - Revised financial model 2021-2025 with revenue target 30%+ higher than previous model. <10 nanometer business unit formed including ambitions, goals, financial targets and management organization to capitalize on wafer level assembly opportunity. - Company wide organizational chart revised. - M&A process reviewed. Participation broadened within organization. Instituted more systematic approach with owners designated to evaluate range of candidates.
- Implement Management Development and Succession Planning for CEO, Management Team and key staff, including top performers. - Review with the Supervisory Board.	20%	- Besi's overall management succession plan including key staff related thereto is reviewed bi-annually. - Specific succession topics and planning for the Board of Management and management team members were discussed with the Supervisory Board.
- Continue to assess requirements, timescales and expenditures for <10 nanometer R&D programs with major customers. - Include assessment of account penetration.	20%	- Detailed assessment conducted as part of Strategic Review 2021-2025. - Recommendations being implemented currently to better organize and position Besi's existing advanced packaging portfolio and <10 nanometer portfolio to support two potential engines of growth. - Customer opportunities, market penetration plan and timeline included as part of this analysis. - Strategic initiatives adopted to provide improved customer service and support. - Regular weekly or monthly meetings conducted with top customers so we are up to date with <10 nanometer progress and issues. - Supervisory Board regularly engaged in Strategic Review process, particularly upon achievement of process milestones.
Further develop partnership with Applied Materials for Hybrid Bonding.	20%	- Broad engagement by Besi/AMAT with key customers to develop process solutions at Singapore Centre of Excellence. - Close collaboration continued during year including weekly meetings to check progress of hybrid bonding initiatives and related opportunities. - New goals developed for 2022 including the commercial introduction of hybrid bonding cluster tools in the first half of 2022, ramping volume production for a major customer in the second half of 2022 and other major customers in 2023-2024.
Further enhance ESG, corporate governance and sustainability strategy as presented in our Annual Report 2020.	20%	- Broad adoption of goals and initiatives set forth in 2020. 60% of initial 75 initiatives completed in 2021. - ESG committee formed. KPIs tracked on quarterly basis versus goals. - Compliance with SASB achieved. - Additional benchmarks identified for future compliance. - Significant progress achieved versus relative and 2022 ESG targets despite substantial revenue growth. - Increased transparency and disclosure for remuneration and ESG topics. Annual Report disclosure enhanced in accordance with shareholder expectations.

During 2021, the Committee regularly reviewed the progress of the pre-defined personal, non-financial and ESG performance objectives including the assessment of new initiatives developed during the year to adjust Besi's business model to the ever changing circumstances of the global pandemic. The effectiveness and progress of the objectives set were tested and monitored by the Supervisory Board during the year based on the strategic updates provided. An overall assessment was also completed after year end 2021 including a review of customer satisfaction, strategic plan execution and effectiveness, ESG progress and cost reduction initiatives achieved. 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 2021, 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 2021 equaled € 900,000, or 150% of the annual base salary of the member of the Board of Management. The Supervisory Board, upon the recommendation of the Committee, unanimously agreed on such cash bonus based on the Company's superior revenue and net income growth, cash flow generation, return on average equity, share price appreciation, capital allocation, strategic plan execution, peer leading financial metrics and progress on ESG and sustainability goals.

3. Long-Term Incentive (annual conditional award of performance shares)

Grants of LTI shares

The at target number of conditional performance shares awarded was calculated based on 175% of 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 following predetermined performance conditions:

- (i) Net income as a percentage of revenue over three calendar years.
- (ii) Besi's share price development including the reinvestment of dividends during a three-year performance period versus the TSR comparator group of 19 listed companies operating in the semiconductor equipment industry.

The Long-Term Incentive is subject to continued employment. Outstanding conditional grants are as follows:

Conditional grants outstanding as of December 31, 2021	Vesting period		
	2019-2021	2020-2022	2021-2023
Conditionally awarded at target	32,887	31,920	25,143
Average share price Q4 preceding year (€)	18.2441	32.8945	41.7606
Year of vesting	2022	2023	2024
Range of shares potential vesting (0-150%)	0-49,331	0-47,880	0-37,715

Vesting of LTI shares

The vesting of LTI shares (conditional performance shares) for the member of the Board of Management for the 2019-2021 period was based on the following factors:

- (i) Net income as a percentage of revenue over the three-year performance period of 32.2% overachieved the maximum pre-defined target of 12% resulting in a maximum vesting of 75% of performance shares associated with this portion of the award (50% of the total award made).
- (ii) Besi ranked at the fifth position within the TSR comparator group resulting in a vesting of 50% associated with this portion of the award (50% of the total award made).

SHARE PRICE OVER LTI PERIOD



As a result, 125% of the 32,887 shares (41,109 shares) related to the 2019 performance share award will vest on April 29, 2022, 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 those shares necessary to be sold to cover any withholding/income tax liabilities arising from the vesting of the performance shares.

The following table presents a summary of the applicable performance incentive zones and performance realized for both the Short-Term Incentive and Long-Term Incentive awards in 2021:

	Performance criteria applicable for STI and LTI	Relative weighting	Performance incentive zones (as % of base salary)			Performance realized and actual award outcome 2021
			Threshold levels	Target levels and corresponding award	Maximum performance levels and corresponding award	
R.W. Blickman, CEO	STI – net income as % of revenue ("NIR")	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	50%	At threshold (25%); 4,111 shares Below threshold (0%)	At target (50%); 16,444 shares	Maximum performance (75%); 24,666 shares	Vesting at maximum level (75%); 24,666 shares
	LTI – Relative Total Shareholder Return (performance incentive zone depending on actual ranking of Besi in reference group, see above)	50%	At threshold (25%); 4,111 shares Below threshold (0%)	At target (50%); 16,443 shares	Maximum performance (75%); 24,665 shares	Vesting at threshold level (50%); 16,443 shares
	LTI – Performance adjustment	20%	Minimum (–20% of award); –6,577		At max (+20% of award); +6,577	No performance adjustment
	Additional performance shares (see below)					100,000 shares

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

Under the Remuneration Policy 2020-2023, the Supervisory Board may, upon recommendation of the Committee, award additional performance shares to the member of the Board of Management for extraordinary achievements or exceptional performance in the prior year, up to a maximum of 120,000 shares. In January 2021, the Supervisory Board awarded the member of the Board of Management 100,000 additional performance shares for achievements realized in 2020. 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 used to determine exceptional performance in a particular year represent a broader and more challenging set of financial targets than Besi's STI and LTI financial criteria including Return on Average Equity ("ROAE") and Cash Flow from Operations ("CFO")/Revenue in addition to Net Margin ("Net Income/Revenue"). They represent 90% of the total potential additional performance share award and are based on exceeding thresholds for each of 1 and 3 year average periods. Such criteria are set forth below:

Exceed each of three financial targets for 1 yr and 3 yr average periods		
No award	50%+ award (pro-rata)	100% max award
• Net Margin < 20%	• Net Margin ≥ 20% < 25%	• Net Margin ≥ 25%
• ROAE < 20%	• ROAE ≥ 20% < 25%	• ROAE ≥ 25%
• CFO/Revenue < 25%	• CFO/Revenue ≥ 25% < 30%	• CFO/Revenue ≥ 30%

¹ Net margin defined as Net Income/Revenue. ROAE defined as Return on Average Equity. CFO/Revenue defined as Cashflow from Operations/Revenue.

The actual performance metrics achieved were as follows:

	2020
Net Margin 1 yr	30.5%
Net Margin 3 yr average	26.6%
ROAE 1 yr	39.5%
ROAE 3 yr average	32.6%
CFO/Revenue 1 yr	37.4%
CFO/Revenue 3 yr average	35.4%

Based on the actual performance achieved in 2020 relative to the metrics defined, 90% of the maximum potential award of 120,000 shares (108,000 shares) was available to be awarded to the member of the Board of Management in January 2021. The award of additional performance shares was also made due to the recognition of the following other important business factors:

- Exceptional performance above STI and LTI targets.
- Achievement of peer leading gross and net margins of 59.6% and 30.5%, respectively, despite the disruptive impact of the pandemic.
- Implementation of initiatives to significantly reduce headcount and overhead in alignment with volatile market conditions in order to enhance shareholder value.
- 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.

Based on the actual performance relative to the strategic/ESG objectives set for 2020, 10% of the maximum potential award of 120,000 shares (12,000 shares) was available to be awarded to the member of the Board of Management in January 2021.

The Supervisory Board judged that the execution of strategic initiatives proved to exceed the challenging goals and timelines initially set, including:

- Execution in the fourth quarter of 2020 of a hybrid bonding joint development agreement with Applied Materials, Inc.
- Development and successful implementation of additional COVID-19 initiatives and timelines to ensure 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 the achievement or over achievement versus 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 Besi's annual survey.
- Realization of IT, personnel and management initiatives with respect to the implementation of work from home procedures resulted in very favorable employee retention and satisfaction as measured by the results of a special COVID-19 survey.
- Progress made and realization of the targets with respect to succession planning and ESG, 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.

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 were also considered by the Supervisory Board such as market developments and the views of society.

Based on the actual performance achieved against each of the defined financial and non-financial targets, the Supervisory Board approved an award of 100,000 additional performance shares relative to the maximum potential award of 120,000 shares available to the member of the Board of Management. It applied a 16.7% downward adjustment from the potential maximum award primarily due to a 43.9% increase in Besi's share price during 2020. Such shares vested on January 21, 2021 and 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.

In addition, the award of additional performance shares to the member of the Board of Management was supported by an analysis of Besi's performance versus the median of all industry peers used in our TSR-comparator group and alignment with remuneration and the median of all companies used in our remuneration reference group. This analysis included 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 were also considered, reviewed and analyzed in addition to the net income as a percentage of revenue metric as applied under the Remuneration Policy.

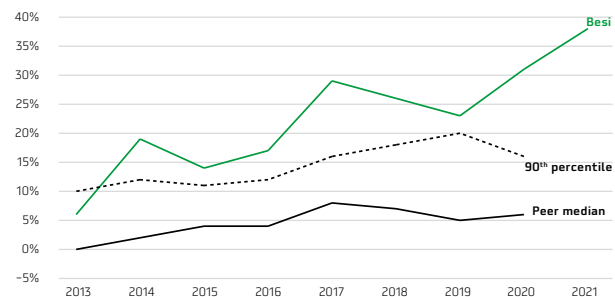
The following charts confirm the success of Besi's strategic execution and the strong development of its financial metrics in a challenging industry environment for the award period. They also highlight Besi's excellent performance versus its remuneration reference group. All such factors helped underpin the Supervisory Board's rationale in awarding the additional performance shares to the Chief Executive Officer.

Teambuilding day Besi Leshan, China.

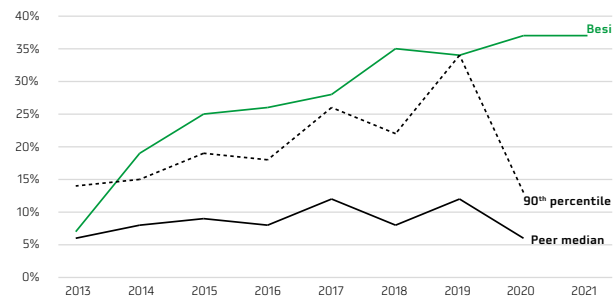


PERFORMANCE COMPARED TO THE REMUNERATION REFERENCE GROUP

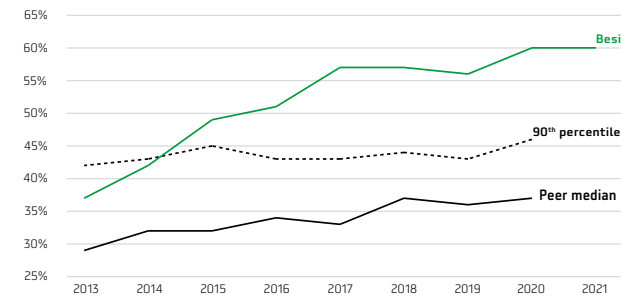
Net Income/Revenue



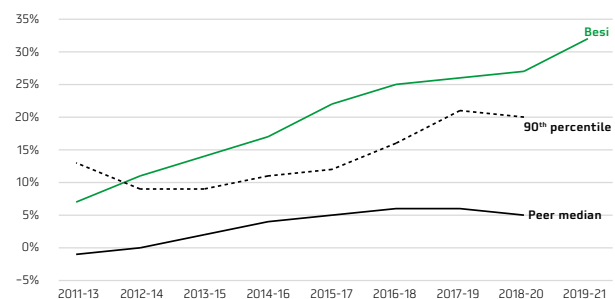
Cash Flow from Operations/Revenue



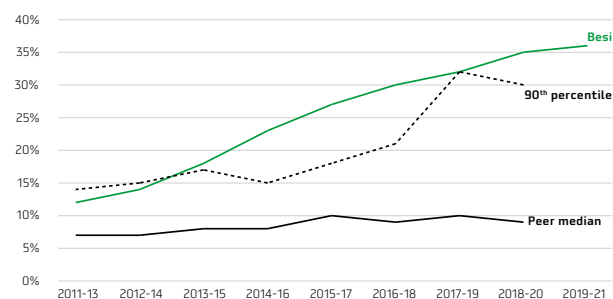
Gross Margin



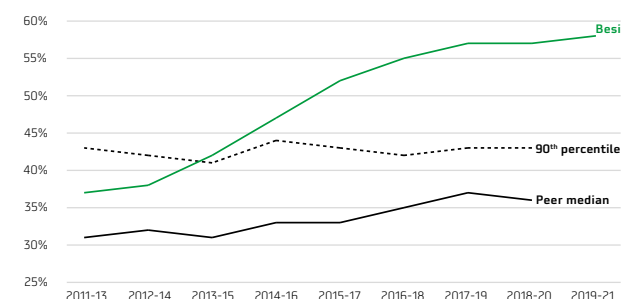
Net Income/Revenue (3yr)



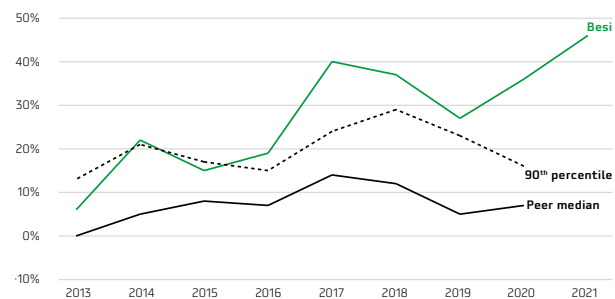
Cash Flow from Operations/Revenue (3yr)



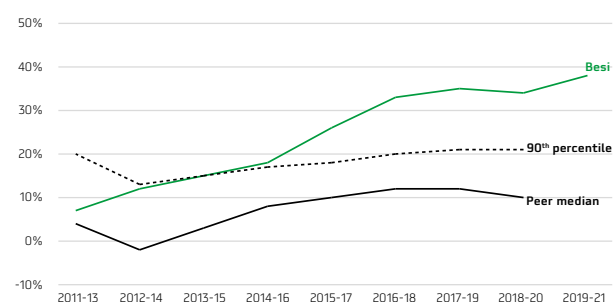
Gross Margin (3yr)



Return on Equity



Return on Equity (3yr)



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, 2021:

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	2017 PSP	Jan 1, 2017 - Dec 31, 2019	May 1, 2017	April 30, 2020	April 30, 2022	-	-	-	-	-	36,074
	2018 PSP	Jan 1, 2018 - Dec 31, 2020	April 26, 2018	April 30, 2021	April 30, 2023	18,026	-	18,026	-	-	18,026
	2019 add. PSP		Jan 17, 2019	Jan 17, 2019	Jan 17, 2021	-	-	-	-	-	-
	2019 PSP	Jan 1, 2019 - Dec 31, 2021	April 26, 2019	April 29, 2022	April 29, 2024	32,887	-	-	32,887	32,887	-
	2020 add. PSP		Jan 23, 2020	Jan 23, 2020	Jan 23, 2025	-	-	-	-	-	103,000
	2020 PSP	Jan 1, 2020 - Dec 31, 2022	April 30, 2020	AGM 2023	AGM 2023 + 2 years	31,920	-	-	31,920	31,920	-
	2021 add. PSP		Jan 21, 2021	Jan 21, 2021	Jan 21, 2026	-	100,000	100,000	-	-	100,000
	2021 PSP	Jan 1, 2021 - Dec 31, 2023	April 30, 2021	AGM 2024	AGM 2024 + 2 years	-	25,143	-	25,143	25,143	-
Total						82,833	125,143	118,026	89,950	89,950	257,100

The Supervisory Board approved a conditional award of 70,000 additional performance shares relative to the maximum potential award of 120,000 shares available to the member of the Board of Management, subject to adoption of the annual accounts 2021 at the AGM on April 29, 2022. It applied a 42% downward adjustment from the potential maximum award primarily due to a 51% increase in Besi's share price during 2021. Such 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. Since the award was made and communicated in the first quarter of 2022, in accordance with IFRS 2 share-based payment, the expenses of these additional performance shares will be recognized in the first quarter of 2022.

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 2021, no circumstances were identified by the Supervisory Board that could result in any adjustments or clawback.

4. Pensions

As a result of legislative changes, pension contributions for the member of the Board of Management as from January 1, 2015 are based on contribution levels applicable in 2014. However, a portion of the contribution is now funded directly to the personal pension account of the member of the Board of Management as a tax-exempt contribution while the remaining balance is 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.

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, 2021 and 2020 was as follows:

(€, except for performance shares)	Year ended December 31,	
	2021	2020
Base salary	600,000	600,000
Annual cash bonus	900,000	900,000
Other benefits ¹	233,678	230,260
Total cash benefits	1,733,678	1,730,260
Pension contribution ²	21,340	35,904
Equity compensation benefits: Incentive Plan ³	1,320,399	938,690
Total remuneration, excluding discretionary elements	3,075,417	2,704,854
Equity compensation benefits: additional performance shares ⁴	5,730,000	3,944,900
Total remuneration	8,805,417	6,649,754
Conditional performance shares awarded ⁵	25,143	31,920

¹ Other benefits include expense compensation, medical insurance, employer social security contributions and for 2021 and 2020 a taxable pension allowance of € 187,346 and € 181,740, 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 2021 and 2020 for performance shares awarded from 2017 to 2021 made under the Incentive Plan as determined in accordance with IFRS.

⁴ Expenses recognized in 2021 and 2020 for the additional performance share award of 100,000 shares which vested on January 21, 2021 and of 103,000 shares which vested on January 23, 2020, as determined in accordance with IFRS.

⁵ Performance shares for 2021 and 2020 may vest in 2024 and 2023, respectively, subject to continued service and the actual performance during the performance period 2021-2023 and 2020-2022, respectively.

Other remuneration information

The actual cash remuneration paid by the Company and the value of the vested equity remuneration for the Board of Management for the years ended December 31, 2021 and 2020 were as follows:

(€)	Year ended December 31,	
	2021	2020
Base salary	600,000	600,000
Fringe benefits	233,678	230,260
Total fixed remuneration	833,678	830,260
One-year variable	6,630,000	4,844,900
Equity compensation benefits: Incentive Plan	1,213,510	1,354,939
Total variable remuneration	7,843,510	6,199,839
Pension expense	21,340	35,904
Total remuneration	8,698,528	7,066,003
Proportion of fixed and variable remuneration	10%/90%	12%/88%

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

	2021	2020	2019	Year ended December 31,	
				2018	2017
<i>Director's actual cash remuneration and value of equity remuneration</i>					
R.W. Blickman, CEO Board of Management (€)	8,698,528	7,066,003	6,068,127	9,096,692	7,911,037
Annual change	23%	16%	-33%	15%	35%
<i>Company performance</i>					
Net income as % of revenue realized	37.7%	30.5%	22.8%	25.9%	29.2%
Total shareholder return (base 2016 = 100%)	598%	385%	260%	131%	229%
<i>Average actual cash remuneration and value of equity remuneration</i>					
Full-time equivalent basis of employees, excluding CEO (€ thousands)	70.8	68.2	64.8	64.7	66.2
Annual change	4%	5%	0%	-2%	7%

Loans

At the end of 2021, no loans, advances or guarantees were outstanding to the CEO in accordance with the Remuneration Policy.

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 as from 2020 as set forth below.

The total cash remuneration of the members of the Supervisory Board for the five years ended December 31, 2021 was as follows:

(€)	Year ended December 31,				
	2021	2020	2019	2018	2017
L.J. Hijmans van den Bergh – Chair	79,200	79,200	53,900	-	-
N. Hoek – Member and Chair Audit Committee	66,000	66,000	66,000	44,967	-
C. Bozotti – Member and Chair Remuneration and Nomination Committee	64,900	62,700	62,700	31,350	-
E. Eckstein – Member	20,900	-	-	-	-
L. Oliphant – Member	41,800	-	-	-	-
D.J. Dunn – Member and former Chair Remuneration and Nomination Committee	22,000	66,000	66,000	64,088	60,000
M. ElNaggar – Member	41,800	68,700	70,700	60,884	57,000
Former members of the Supervisory Board:					
T. de Waard	-	-	26,400	76,800	72,000
K.W. Loh	-	-	26,900	60,884	57,000
J.E. Vaandrager	-	-	-	20,000	60,000
Total remuneration	336,600	342,600	372,600	358,973	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 2021, no loans, advances or guarantees were outstanding for any of the members of the Supervisory Board.