

## 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)		Besip	
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
	<ul style="list-style-type: none"> <li>Net Margin &lt; 20%</li> <li>ROAE &lt; 20%</li> <li>CFO/Revenue &lt; 25%</li> </ul>	<ul style="list-style-type: none"> <li>Net Margin ≥ 20% &lt; 25%</li> <li>ROAE ≥ 20% &lt; 25%</li> <li>CFO/Revenue ≥ 25% &lt; 30%</li> </ul>	<ul style="list-style-type: none"> <li>Net Margin ≥ 25%</li> <li>ROAE ≥ 25%</li> <li>CFO/Revenue ≥ 30%</li> </ul>
<p><b>*Test 1 Award Calculation:</b></p> <ul style="list-style-type: none"> <li>Calculate % achieved for each metric in each of 1 and 3 year periods</li> <li>Total 6 data points</li> <li>Simple average % of all 6 data points</li> <li>Multiply by 54,000 shares</li> </ul>			
Test 2 45%	Exceed Gross and Net Margins & ROAE vs. direct peers (ASMPT, K&S) for 1 year 54,000 Shares		

Strategic/Non-Financial Criteria for Awarding Additional PSA (10% Weight)		Besip	
	<b>Strategic Operating Targets</b>	<b>Description and metrics</b>	
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	
	<b>Strategic ESG Targets</b>	<b>Description and metrics</b>	
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	

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.

<b>Proposed Remuneration Reference Group</b>	
<b>Primary European Reference Group</b>	<b>US Comparative Reference Group</b>
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.