



Remuneration Report

This Remuneration Report provides an overview of the Remuneration Policy, the remuneration structure, the application of the Remuneration Policy and the components of the remuneration of the Board of Management and the Supervisory Board during 2019. The Company has successfully attracted and retained executives who are capable of leading and overseeing the Company at all levels and the Remuneration Policy is designed to facilitate this process. This Remuneration Report is the remuneration report in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Remuneration and Nomination Committee (the 'Committee') of the Supervisory Board oversees all remuneration decisions and determines the criteria to measure the performance of the Board of Management whereby considering the roles and responsibilities. For determining the remuneration of the Board of Management, the Committee is informed about the remuneration of the direct reports to the Board of Management including the Short-Term and Long-Term Incentive Plans applicable which are fully aligned with the performance conditions as operated under the Remuneration Policy.

As we believe that all employees are integral to our success, we are committed to fair and responsible remuneration. We therefore consider remuneration of the members of the Board of Management and the Supervisory Board in the light of the remuneration of all employees, associated pay ratios. Over time we have made adjustments to our Remuneration Policy to reflect our commitment to paying fairly, responsibly and transparently. The Supervisory Board undertakes to engage actively with shareholders in order to address all legitimate and reasonable objections and concerns. We invite our shareholders to engage with us regarding our policy and reporting.

In implementing the Remuneration Policy, the Committee analyzes the possible outcomes of its variable remuneration elements and how they may affect the total remuneration of the Board of Management. In this respect, regular scenario analyses are undertaken whereby the development of the underlying share price of the Company's shares is considered. This with due regard for the risks to which variable remuneration may expose the Company. Variable remuneration shall be linked to predetermined, assessable and influenceable targets which are predominantly of a long-term and sustainable nature and linked to Beside's strategy, including associated business objectives, values, purpose and vision of the Company.

The dynamic environment in which Beside participates, makes it important that we define our common values based on our vision. Our common values help provide a uniform response to internal and external challenges so that we achieve our business goals in a right and fair way. For this purpose, we have defined our Code of Conduct. This Code of Conduct addresses our responsibilities to the Company, to each other and what our stakeholders may expect from us. It is available on the corporate website for further review. In determining the actual remuneration of the Board of Management, the Committee assesses the actual performance delivered based on its strategy in line with the Code of Conduct and takes into account the impact of the overall remuneration of the Board of Management on the pay differentials within the Company. When determining remuneration, the Committee also obtains the views of the members of the Board of Management relating to the level and structure of remuneration.

The Remuneration Policy was successfully applied in 2019 without exceptions. During the course of the year, the Committee completed the review, analysis and evaluation of the current policy in connection with its strategy. As a result, a new policy was proposed and approved by the Annual General Meeting of Shareholders on April 26, 2019. The new Remuneration Policy 2020-2023 will be applicable for a four-year period starting as from January 1, 2020.

Remuneration Policy

The Remuneration Policy applicable for the year 2019, as outlined in the Remuneration Policy 2017-2019, was approved by the Annual General Meeting of Shareholders held on April 29, 2016. This Remuneration Policy 2017-2019 extends the Remuneration Policy 2011-2016 that was developed in view of changes in legislation and a review of external market best practices, taking into account the principles and best practice provisions of the Dutch Corporate Governance Code.

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

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

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

In its evaluation of the efficacy of Besi's Remuneration Policy, the Supervisory Board has performed in-depth scenario analyses of the variable remuneration components under the policy. The probability of vesting and pay-out of the performance share awards have been taken into account in these scenario analyses. The Supervisory Board has set the performance targets on the basis of the outcome of the scenario analyses. Pay differentials and the executive's position within Besi have also been considered and discussed, including the internal pay ratio. In 2019, the internal pay ratio was 37 (2018: 39) based on the annual total remuneration of the member of the Board of Management and the average total remuneration of all other full-time employees, as reported in accordance with IFRS, excluding discretionary elements.

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 regard to the level and structure of their own remuneration.

Remuneration structure

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

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

The above components are regularly compared with a balanced remuneration reference group of companies selected based on industry, size and geographical spread to determine the total remuneration package and pay mix for the member of the Board of Management whereby considering the actual roles and responsibilities. The following companies are included in this remuneration reference group, updated for any acquisitions or delistings.

Remuneration Reference Group	
Aalberts Industries N.V.	Kendrion N.V.
Accell Group N.V.	Koninklijke Wessanen N.V.
Aixtron SE	Kulicke & Soffa Industries, Inc.
Arcadis N.V.	Lam Research Corporation
ASM International N.V.	Nova Measuring Instruments Ltd.
Axcelis Technologies, Inc.	Onto Innovation, Inc. ¹
Brooks Automation, Inc.	STMicroelectronics N.V.
Cohu, Inc.	SÜSS MicroTec SE
Corbion N.V.	TKH Group N.V.
Infineon Technologies AG	Veeco Instruments, Inc.

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

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

In establishing remuneration for members of the Board of Management, the Supervisory Board consults a professional external remuneration consultant in carrying out its duties. The Supervisory Board verifies that the consultant concerned does not similarly provide advice to the Board of Management so that no conflicts of interest exist.

1. Base Salary

Each year, the Supervisory Board reviews the annual base salary for the member of the Board of Management and considers whether to adjust base salary levels. Base salary of the member of the Board of Management will be determined by comparing the base salary levels within median and upper quartile levels of the remuneration reference group. In setting the positioning of base pay levels, the Supervisory Board also considers the historic salary levels of the individual and the nature of the individual's roles and responsibilities.

2. Short-Term Incentive (annual cash bonus)

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

- *Net Income expressed as a percentage of Revenue.*
The financial measure net income is preferred over other financial ratios for the Short-Term Incentive since Net Income is:
 - A key indicator for evaluating the overall performance of Besic for the year and therefore an important contributor to shareholder value.
 - A key factor given the cyclical market in which Besic operates.
 - A financial measure that can be influenced by the member of the Board of Management.
- *Personal performance of the member of the Board of Management.*
The annual criteria to measure the personal performance of the member of the Board of Management are at the sole discretion of the Supervisory Board. As such, the Supervisory Board can focus on certain targets that are considered important for the upcoming year and ensure sustainable value creation in the medium and long-term in line with Besic's strategy. The Committee will propose to the Supervisory Board annually both financial and non-financial criteria to measure the personal performance of the member of the Board of Management.

The total annual cash bonus opportunity of the member of the Board of Management shall be determined on the basis of the following performance/pay-out grid. However, the Supervisory Board will apply a total annual voluntary bonus cap of 80% of such individuals' gross annual salary during the Company's financial year preceding the year in which such Annual Cash Bonus is awarded, except if (i) the Supervisory Board uses its discretionary power to adjust (upwards or downwards) or (ii) decides to not apply this total annual voluntary bonus cap in the event that extraordinary and/or sustainable performance is delivered.

Short-Term Incentive: Performance versus pay-out	At minimum	At target Performance
	in % of the individual's gross annual base salary	
Net Income as % of Revenue ¹	0%	70%
Personal Performance Targets ²	0%	30%
Total annual bonus pay-out ³	0%	80%

¹ Net Income/Revenue: the actual pay-out ranges from 0% (threshold) to 70% of the individual's gross annual base salary.

² Personal performance: the actual pay-out ranges from 0% to maximum 30% of the individual's gross annual base salary.

³ A cumulative annual voluntary cash bonus cap of 80% based on the individual's gross annual salary is applicable depending on the Company's Net Income and the individual's personal performance. The Supervisory Board holds the discretionary power to determine the application of this value cap.

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

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

- *Net Income/Revenue over three calendar years*, i.e. Net Income expressed as a percentage of Revenue over the three-year performance period. Net Income/Revenue is considered a key measure for creating sustainable long-term shareholder value.

- *Relative Total Shareholder Return ('TSR')*.

The development of Besi's share price including the reinvestment of dividends during a three-year performance period will be compared to a comparator group of 19 listed companies operating in the semiconductor equipment industry, whereby three-month share price averaging is being applied at the start and at the end of the TSR performance period. The TSR over the three-year performance period is also considered a key measure for indicating the development of shareholder value and Besi's TSR relative to its comparators in the semiconductor equipment industry and is an appropriate performance measure to align the interests of the members of the Board of Management with those of shareholders. The composition of the comparator group will be reviewed annually by the Supervisory Board and, if required, will be adjusted due to changes in the performance, size and market value, among other considerations, of the companies involved which could affect comparability. 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. ¹
ASML Holding N.V.	Onto Innovation, Inc. ²
ASM Pacific Technology Ltd.	Shinkawa Ltd.
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 Subsequent to the acquisition by Veeco that was announced on February 2, 2017, Ultratech, Inc.'s shares were delisted. As such, it has been removed and replaced by Nanometrics, Inc. as of the business day prior to the acquisition announcement date.

² Following the completion of the merger between Nanometrics, Inc. and Rudolph Technologies, Inc. on October 25, 2019, Nanometrics, Inc. was replaced by Onto Innovation, Inc., the successor post-merger entity.

Conditional award

The number of performance shares conditionally awarded will be determined by the Supervisory Board based on at target level equal to 100% of the individual's gross annual base salary, as follows:

At target number of performance shares to be awarded is determined based on (i) 100% 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

At the end of the three-year performance period, depending on Besi's actual performance during the performance period, the number of shares that become unconditional (i.e. number of shares vesting) will be determined. 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 them for two years following the vesting date. However, he will be allowed to sell sufficient shares to cover the income tax liability upon vesting of the performance shares. The actual number of performance shares which will vest at the end of the three-year performance period will be determined based on the following grid:

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

¹ Half of the performance shares awarded is linked to Besi's Net Income relative to its revenue over the three-year performance period; the vesting range is between 0% and 75% of the total number of performance shares awarded to the individual.

² Half of the performance shares awarded is linked to Besi's relative TSR performance.

The performance shares awarded subject to Besi's TSR performance are based on the actual absolute ranking of Besi within the comparator group and vest in a range between 0% and 75% of the total number of performance shares awarded to the individual. The vesting is determined based on the following schedule:

Ranking of Besi in comparator group based on relative TSR during performance period versus pay-out	Vesting percentage performance shares
Top 3	75%
Rank 4 - Rank 6	50% (at target)
Rank 7 - Rank 12	25%
Rank 13 - Rank 20	0%

Performance adjustment

After evaluating the three-year performance period for awards made from 2017 up to and including 2019, the Supervisory Board may at its absolute discretion upwardly or downwardly adjust the number of performance shares that will vest by a maximum of 20%. This discretionary performance adjustment may be applied by the Supervisory Board to reflect the overall performance achieved and market developments, and further aligns the interests of members of the Board of Management with those of shareholders.

Clawback and ultimate remedy

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

The Short-Term Incentive and Long-Term Incentive components for members of the Board of Management are also subject to ultimate remedium clauses. The Supervisory Board holds the discretionary authority to 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. In this assessment, Besi's overall performance will also be taken into consideration.

Additional discretionary performance share awards

The Supervisory Board may at its absolute discretion, upon recommendation of the Committee, award additional performance shares to members of the Board of Management as a reward for extraordinary achievements or exceptional performance in a year, up to a maximum of 120,000 shares per year (as adjusted for the two for one stock split effected on May 4, 2018) which may be subject to additional terms and conditions as determined by the Supervisory Board. In case the Supervisory Board in any year decides to apply an upward performance adjustment with respect to the vesting of Long-Term Incentive performance shares, as referred to under Performance adjustment, such additional performance shares that will vest upon this performance adjustment are included in the maximum of 120,000 additional performance shares that can be awarded to members of the Board of Management at the discretion of 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 members of the Board of Management) shall not exceed 1.5% of the total number of outstanding shares as at the 31st of December of the year prior to the year in which the performance shares are awarded.

4. Pensions

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

5. Other benefits

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

Loans

As a 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 an indefinite period of time will not be replaced by contracts with a limited period or by contracts with different conditions. The current notice period applicable to the member of the Board of Management is six months.

Severance payment

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

Application of the Remuneration Policy in 2019

The Supervisory Board upon recommendation of the Committee applied the Remuneration Policy in 2019 as set forth below. The only member of the Board of Management in 2019 was Richard W. Blickman, Besi's CEO.

1. Base Salary

At the end of 2017, 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, as outlined in the Remuneration Policy 2017-2019, to set the base salary of the CEO to between median and upper quartile market levels of the remuneration reference group in line with the Remuneration Policy 2017-2019. The Supervisory Board, following the recommendation of the Committee, decided that the 2019 base salary of the CEO should be set at € 600,000, unchanged as compared to 2018.

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

2. Short-Term Incentive

The Short-Term Incentive (cash bonus) awarded to the member of the Board of Management is based on the following pre-determined performance conditions: (i) Net Income expressed as a percentage of Revenue and (ii) personal performance expressed in certain financial and non-financial targets that were considered important for 2019. The Committee reviewed at year end the quality of the pre-determined financial and non-financial performance and the sustainable value delivered in order to determine the vesting of the Short-Term Incentive awarded for 2019.

Besi's 2019 Net Income as a percentage of Revenue was 22.8%. Based on the pre-defined target set, the performance achieved was well above the maximum target range set. Upon recommendation by the Committee, the Supervisory Board awarded the member of the Board of Management for the first financial performance condition a cash bonus equal to 70% of his annual base salary for the year 2019. Furthermore, the Committee thoroughly reviewed the performance realized by the member of the Board of Management in relation to seven equally weighted pre-defined personal financial and non-financial performance objectives representing 30% of the total cash bonus. These seven pre-defined personal financial and non-financial performance objectives related to (i) the continued implementation of Besi's strategic plan 2017-2021, (ii) succession planning for the management team, (iii) succession planning for key staff, (iv) execution of organizational initiatives in accordance with Besi's strategy, (v) progress of new development programs, (vi) the build out of Besi's R&D efforts and organizational structure at its Singapore operations and (vii) execution of corporate social responsibility programs and initiatives.

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 personal performance equal to 30% of his annual base salary for 2019.

Consequently, the sum of the financial and non-financial targets comprising the total cash bonus for the year 2019 equalled 100% of the gross annual base salary of the member of the Board of Management. This total cash bonus percentage is higher than the voluntary bonus cap of 80% of the gross base annual salary for the member of the Board of Management in 2019. Based on the Company's active measures to align overhead with market conditions, solid financial performance and peer leading financial metrics despite an ongoing industry downturn, the Supervisory Board unanimously decided, upon recommendation of the Committee, to use its discretionary power to waive the 80% voluntary bonus cap and to award the maximum cash bonus for 2019 equal to 100% of gross base salary (€ 600,000).

3. Long-Term Incentive

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

For the three-year performance periods 2017-2019, 2018-2020 and 2019-2021, the "at target (100%)" number of performance shares (adjusted for the two-for-one stock split effected in May 2018) conditionally awarded aggregated 36,074, 18,026 and 32,887 shares, respectively. The number of at target shares awarded was calculated based on the gross annual base salary divided by the average closing share price for all trading days in the fourth quarter of the year immediately preceding the start of the performance period. The performance shares conditionally awarded will vest in 2020, 2021 and 2022. The number of shares that will actually vest will be based on the above mentioned pre-determined performance conditions.

The number of performance shares (adjusted for the two for one stock split effective May 4, 2018) which could vest for the three-year performance periods 2017-2019, 2018-2020 and 2019-2021 range between nil (in the case of below threshold performance) to a maximum of 54,111 shares (2017-2019 award), 27,039 shares (2018-2020 award) and 49,331 (2019-2021 award). The member of the Board of Management could receive 150% of the "at target" number of performance shares awarded if stretched performance is achieved with respect to both performance measures during each respective performance period.

Based on the actual performance realized for the 2017-2019 performance share award based on the Net Income as a percentage of Revenue (50% of the award) and Relative TSR performance (50% of the award) during the three-year performance period 2017-2019 (i) Net Income as a percentage of Revenue overachieved the target resulting in a maximum vesting of 75% of this part of the performance shares awarded and (ii) Besi ranked within the TSR comparator group at the 8th position resulting in a vesting of 25% of the performance shares awarded.

The Supervisory Board may in accordance with the Remuneration Policy 2017-2019 upwardly or downwardly adjust the number of Performance Shares that may vest by a maximum of 20%. For the 2017-2019 performance award, the Supervisory Board decided to not apply this 20% performance adjustment. As a result, 100% of the 36,074 shares related to the 2017 performance award will vest on April 30, 2020, subject to continued employment until this date. The vested shares are subject to a two-year lock-up period, except for the shares that may be sold to cover the withholding/income tax liability upon vesting of the performance shares.

Under the Remuneration Policy 2017-2019, the Supervisory Board may, at its own discretion and upon recommendation of the Committee, award additional performance shares to the member of the Board of Management as a reward for extraordinary achievements or exceptional performance, up to a maximum of 120,000 shares (adjusted for the two for one stock split on May 4, 2018). In 2019, the Supervisory Board conditionally awarded the member of the Board of Management the maximum of 120,000 shares. This extraordinary conditional award was made in recognition of the continued successful implementation of Besi's business and CSR strategy, active measures to align overhead with market conditions, achievement of high levels of profitability and gross and net margins in an industry downturn, maintenance of peer leading financial metrics and continued implementation of an attractive capital allocation plan which distributed approximately € 167 million to shareholders even during an industry downcycle. As a result of his activities and leadership, the Company is fit for purpose, has successfully retained its position (i) as a technological leader in the assembly equipment industry with timely and sustainable forward strategic thinking as to Besi's internal development, (ii) in the market and (iii) compared to the competition. Other items have also been considered in addition to the Company's performance and performance of the member of the Board of Management such as market developments and the views of society. This means that the Supervisory Board may consider and downwardly adjust additional Performance Shares awarded in the event of a market downturn or a high underlying share price. The extraordinary award vested on January 17, 2019 as approved by the Supervisory Board. The 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 them for two years following the vesting date.

Clawback and ultimate remedium

In line 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 2019, no circumstances have been identified by the Supervisory Board that result in any adjustments or clawback.

4. Pensions

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

Based on the outcome of this review, as from January 1, 2015, pension contributions for members of the Board of Management will continue to be based on contributions applicable for 2014. However, a portion of this contribution will be funded directly to the personal pension account of the member of the Board of Management as a tax exempt contribution and the remaining balance will be 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.

Total remuneration

Remuneration of the Board of Management recognized by the Company for the years ended December 31, 2019 and 2018 was as follows:

(in euros, except for performance shares)	Year ended December 31,	
	2019	2018
Base salary	600,000	600,000
Annual cash bonus	600,000	600,000
Other benefits ¹	239,475	231,766
Total cash benefits	1,439,475	1,431,766
Pension contribution ²	33,159	38,912
Equity compensation benefits: Incentive Plan ³	791,569	786,782
Total remuneration, excluding discretionary elements	2,264,203	2,257,460
Equity compensation benefits: Discretionary grant ⁴	2,270,400	4,551,000
Total remuneration	4,534,603	6,808,460
Conditional performance shares awarded ⁵	32,887	18,026

¹ Other benefits include expense compensation, medical insurance, employer social security contributions and for 2019 and 2018 a taxable pension allowance of € 181,008 and € 171,279, 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 2019 and 2018 for performance shares awarded from 2015 to 2019 made under the Incentive Plan as determined in accordance with IFRS.

⁴ Expenses recognized in 2019 and 2018 for a discretionary award of 120,000 shares which vested on January 17, 2019 and 120,000 shares which vested on February 19, 2018, as determined in accordance with IFRS.

⁵ Performance shares for 2019 and 2018 may vest in 2022 and 2021, respectively, subject to continued service and the actual performance during the performance period 2019-2021 and 2018-2020, respectively.

Other remuneration information

The actual cash remuneration paid and the value of the vested equity remuneration to the Board of Management by the Company for the years ended December 31, 2019 and 2018 were as follows:

(in euros)	Year ended December 31,	
	2019	2018
Base salary	600,000	600,000
Fringe benefits	239,475	231,766
Total fixed remuneration	839,475	831,766
One-year variable	2,870,640	5,151,000
Equity compensation benefits: Incentive Plan	2,325,093	3,075,014
Total variable remuneration	5,195,733	8,226,014
Pension expense	33,159	38,912
Total remuneration	6,068,367	9,096,692
Proportion of fixed and variable remuneration	14%/86%	9%/91%

The following table shows the shares awarded or due to the member of the Board of Management, Richard Blickman, for the last five reported financial years:

The main conditions of share award plans						Information regarding the reported financial year						
						Opening balance		During the year			Closing balance	
Name of Director, position	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Shares awarded at the beginning of the year	Shares awarded	Performance adjustment	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)	2014 PSP	Jan 1, 2014 - Dec 31, 2016	April 30, 2014	April 30, 2017	April 30, 2019	-	-	-	-	-	-	-
	2015 PSP	Jan 1, 2015 - Dec 31, 2017	April 30, 2015	April 30, 2018	April 30, 2020	-	-	-	-	-	-	99,209
	2016 PSP	Jan 1, 2016 - Dec 31, 2018	April 29, 2016	April 29, 2019	April 29, 2021	56,448	-	28,224	84,672	-	-	84,672
	2017 PSP	Jan 1, 2017 - Dec 31, 2019	May 1, 2017	April 30, 2020	April 30, 2022	36,074	-	-	-	36,074	36,074	-
	2018 PSP	Jan 1, 2018 - Dec 31, 2020	April 26, 2018	AGM 2021	AGM 2021+ 2 years	18,026	-	-	-	18,026	18,026	-
	2019 PSP	Jan 1, 2019 - Dec 31, 2021	April 26, 2019	AGM 2022	AGM 2022+ 2 years	-	32,887	-	-	32,887	32,887	-
	2019 PSP disc.	Jan 1, 2019 - Dec 31, 2019	Jan. 17, 2019	Jan. 17, 2019	Jan. 17, 2021	-	120,000	-	120,000	-	-	120,000
	Total						110,548	152,887	28,224	204,672	86,987	86,987

The following table shows the summary of the short-term incentive and long-term incentive in the reported financial year:

Performance criteria applicable for STI and LTI	Relative weighting	Performance incentive zones		
		Minimum target/threshold levels and corresponding award	Maximum performance levels and corresponding award	Performance realised and actual award outcome
R.W. Blickman (CEO) STI - Net Income as % of Revenue	70%	Below threshold (0%); € 0	Maximum performance (70%); € 420,000	Vesting at maximum performance (70%); € 420,000
Personal performance: (i) implementation strategic plan 2017-2021, (ii) succession planning management team, (iii) succession planning key staff, (iv) execution of organizational initiatives in accordance with strategy, (v) focus on new development areas, (vi) R&D efforts and organizational structure Singapore; and (vii) maintenance of corporate social responsibility programs and initiatives.	30%	Below threshold (0%); € 0	Maximum performance (30%); € 180,000	Vesting at maximum performance (30%); € 180,000
R.W. Blickman (CEO) LTI - Net Income as % of Revenue	50%	Below threshold (0%); 0 shares, at threshold (25%); 9,018 shares - at target (50%) 18,037 shares	Maximum performance (75%); 27,056 shares	Vesting at maximum level 75%; 27,056 shares
LTI - relative Total Shareholder Return	50%	Below threshold (0%); 0 shares, at threshold (25%); 9,018 shares - at target (50%) 18,037 shares	Maximum performance (75%); 27,056 shares	Vesting at threshold level 25%; 9,018 shares
LTI - Performance adjustment	20%	Minimum (minus 20% of award) -/- 7,215	At max (+20% of award); 7,215	No performance adjustment

The following table shows the comparables used to evaluate remuneration and company performance over the last five reported financial years:

Year ended December 31,	2019	2018	2017	2016	2015
<i>Director's actual cash remuneration and value of equity remuneration</i>					
R.W. Blickman (CEO) Board of Management	6,068,367	9,096,692	7,911,037	5,857,080	5,236,735
Annual change	-33%	15%	35%	12%	
<i>Company performance</i>					
Net Income as % of Revenue realised	22.8%	25.9%	29.2%	17.4%	14.0%
Total shareholder return - 1 year (base = 100%)	199%	57%	229%	179%	107%
Total shareholder return - 3 year (base = 100%)	260%	234%	437%	442%	366%
<i>Average actual cash remuneration and value of equity remuneration on a full-time equivalent basis of employees</i>					
Annual change	0%	-2%	8%	-3%	

Loans

At the end of 2019, no loans, advances or guarantees were outstanding to the CEO in accordance with the Remuneration Policy.

Remuneration Supervisory Board members

The remuneration of Supervisory Board members is reviewed on an annual basis. Effective April 26, 2018, the General Meeting of Shareholders approved the proposal of the Supervisory Board, upon recommendation of the Committee, to upwardly adjust the remuneration of the Supervisory Board by 10% given that the last adjustment was made in 2014 and in light of the associated increase in the responsibilities, workload and liabilities of Supervisory Board members during such time given Besi's growth. Furthermore, an intercontinental travel allowance was introduced and approved in order to retain and attract international Supervisory Board members based on a review by an independent external expert utilizing a compensation benchmark of AMX companies. The AMX companies were selected based on their comparable size and market capitalization as determined by Euronext Amsterdam.

The total cash remuneration of the members of the Supervisory Board for the years ended December 31, 2019 and 2018 was as follows:

(in euros)	Year ended December 31,				
	2019	2018	2017	2016	2015
L.J. Hijmans van den Bergh – Chair	53,900	-	-	-	-
D.J. Dunn – Member and chair Remuneration and Nomination Committee	66,000	64,088	60,000	60,000	60,000
N. Hoek – Member and chair Audit Committee	66,000	44,967	-	-	-
C. Bozotti – Member	62,700	31,350	-	-	-
M. ElNaggar – Member	70,700	60,884	57,000	57,000	57,000
Former members of the Supervisory Board:					
T. de Waard	26,400	76,800	72,000	72,000	72,000
K.W. Loh	26,900	60,884	57,000	57,000	38,000
J.E. Vaandrager	-	20,000	60,000	60,000	60,000
D. Lindenberg	-	-	-	-	19,000
Total remuneration	372,600	358,973	306,000	306,000	306,000

All cash remuneration is fixed and has no variable component.

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 of at least three meetings.

Currently no formal Remuneration Policy is in place for Supervisory Board members. As required by Dutch law, a Remuneration Policy will be proposed to the General Meeting of Shareholders on April 30, 2020.



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 2019, no loans, advances or guarantees were outstanding for each of the members of the Supervisory Board.