



### Remuneration Policy 2017 – 2019

The Supervisory Board of BE Semiconductor Industries N.V. (the “Company” or “Besic”) upon recommendation of its Remuneration and Nomination Committee has adopted the Remuneration Policy for the years 2017 to 2019 that was approved by the Annual General Meeting of shareholders on 29 April 2016. This Remuneration Policy 2017-2019 is mainly a prolongation of the Remuneration Policy 2011-2016 which is considered to have sufficient connection with external market developments, 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 Besic’s Remuneration Policy 2017-2019 and decisions regarding individual compensation:

- First, the Supervisory Board structures the Company’s remuneration programs in a manner that it believes will enable Besic to attract, motivate and retain executives who are capable of leading the Company to achieve its business objectives.
- Second, 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.
- Finally, 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 Besic’s Ordinary Shares and to align their interests with those of shareholders.

The Supervisory Board regularly (i) reviews Besic’s business objectives, (ii) undertakes risk assessments, (iii) assesses Besic’s overall performance with respect to its business objectives and (iv) considers the performance of individual members of the Board of Management compared to their own 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.

### Remuneration structure

The total remuneration package of members of the Board of Management is established on an annual basis by the Supervisory Board, upon proposal of its Remuneration and Nomination 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 for members of the Board of Management. The following companies are included in this remuneration reference group:

## Remuneration Reference Group

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

### Notes

\* Further to the delisting of Royal Ten Cate N.V. on March 17, 2016, Royal Ten Cate N.V. has been replaced by Corbion N.V. in the remuneration reference group.

\*\* Further to the delisting of Mattson Technology, Inc (on May 2, 2016) and USG People N.V. (on June 7, 2016), Mattson Technology, Inc. has been replaced by Nova Measuring Instruments, Ltd and USG People N.V. has been replaced by Koninklijke Wessanen N.V.

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 the 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 will verify 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 salaries for members of the Board of Management and considers whether to adjust base salary levels. Base salaries of members of the Board of Management will be determined by comparing the base salary levels within median and upper quartile levels of the above mentioned 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.

### 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/Revenue, i.e. Net Income expressed as a percentage of Revenue.* The financial measure net income is preferred over other financial ratios for the Short-Term Incentive of Besil as net income is:
  - a key indicator for evaluating the overall performance of Besil for the year and therefore an important contributor to shareholder value;
  - a key factor given the cyclical market that Besil is operating in; and
  - a financial measure that can be influenced by members of the Board of Management.
- *Personal performance of the respective members of the Board of Management.* The annual criteria to measure the personal performance of members of the Board of Management are at the sole discretion of the Supervisory Board, enabling the Supervisory Board to focus on certain targets that are considered important for the upcoming year. The Remuneration and Nomination Committee will propose to the Supervisory Board annually both financial and non-financial criteria to measure the personal performance of each member of the Board of Management.



The total annual cash bonus opportunity per individual 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 bonus cap of 80% of such individuals' gross annual salary over the Company's financial year preceding the year in which such Annual Cash Bonus is awarded, except if the Supervisory Board uses its discretionary power to adjust (upwards or downwards) or to not apply this total annual 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 <sup>1</sup>	0%	70%
Personal Performance Targets <sup>2</sup>	0%	30%
Total annual bonus pay-out <sup>3</sup>	0%	80%

**Notes**

<sup>1</sup> Net Income/Revenue: the actual pay out ranges from 0% to 70% of the individual's gross annual base salary.

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

<sup>3</sup> A cumulative annual voluntary cash bonus cap of 80% based on the individual's gross annual salary is applicable. The composition may vary depending on the Net Income and personal performance. The Supervisory Board holds the discretionary power to decide to not apply 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 ('Performance Shares'). The award represents a conditional right to receive a certain number of shares in Besic depending on the achievement of pre-determined financial performance objectives set by the Supervisory Board over a three-year performance period subject to continued services, which are:

- *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 Besic'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 Besic's TSR relative to its comparators in the semiconductor equipment industry and is an appropriate performance measure to align the interests of 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 (including Besil)

Nova Measuring Instruments Ltd.*	Cohu, Inc.
Kulicke & Soffa Industries, Inc.	Applied Materials, Inc.
Axcelis Technologies, Inc.	Entegris, Inc.
Veeco Instruments, Inc.	Lam Research Corporation
Aixtron SE	Tokyo Electron Ltd
ASM International N.V.	Disco Corporation
SÜSS MicroTec AG	Tokyo Seimitsu
ASM Pacific Technology	ASML Holding N.V.
Brooks Automation, Inc.	Shinkawa
	Ultratech, Inc.

\* Further to the delisting of Mattson Technology, Inc, Mattson Technology, Inc. will be replaced by Nova Measuring Instruments, Ltd as per the business day prior to the day Beijing E-Town Dragon announced the acquisition.

### 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
=
100% of the individual's gross annual base salary divided by the average closing price of the 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 the actual performance of Besil during the performance period, the number of shares that become unconditional (i.e. number of shares vesting) will be determined. The vested shares are subject to a two-year lock-up period which means that members of the Board of Management will have to retain them for two years following the vesting date. However, they will be allowed to sell sufficient shares to cover their 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 on the basis of 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	0%	50%	75%
Relative TSR performance	0%	50%	75%
Total number of shares vesting	0%	100%	150%



The Performance Shares awarded subject to Besic's TSR performance are based on the actual absolute ranking of Besic 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 Besic in comparator group based on relative TSR during performance period versus pay-out	Vesting percentage Performance Shares
Rank 13 - Rank 20	0%
Rank 7 - Rank 12	25%
Rank 4 - Rank 6	50% (at target)
Top 3	75%

#### Performance adjustment

The Supervisory Board may at its absolute discretion determine after the three-year performance period to adjust either upward or downward the number of Performance Shares that will vest with 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 the shareholders.

#### Claw back and ultimate remedium

The Short-Term Incentive and Long-Term Incentive components for members of the Board of Management as described above 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 due to extraordinary circumstances would be produced and in this assessment the overall Besic performance is taken into consideration.

#### Additional discretionary Performance Share awards

The Supervisory Board may at its absolute discretion, upon recommendation of the Remuneration and Nomination 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 60,000 shares per financial year 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 in respect of the vesting of the Long-Term Incentive Performance Shares, as referred to under "Performance adjustment" above, such additional Performance Shares that will vest upon this performance adjustment are included in the maximum of 60,000 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 for awards to be made by Besic shall not exceed 1.5% of the total number of outstanding shares as at 31 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 commencing in 2015 is based on a premium ladder as in effect in 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.

#### *Loans*

As a policy, the Company does not provide loans, guarantees or advance payments 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.

#### *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 twice his annual base salary.