



# Remuneration and Nomination Committee Terms of Reference

October 21, 2020



## **Remuneration and Nomination Committee Terms of Reference BE Semiconductor Industries N.V.**

### **General**

These terms of reference have been drawn up by the Supervisory Board in accordance with the Dutch Corporate Governance Code, Besi's articles of association and Dutch law. These terms of reference indicate the Remuneration and Nomination Committee's role and responsibilities, its composition and the manner in which the Remuneration and Nomination Committee discharges its duties.

### **Definitions**

The words and expressions used in these terms of reference have the following meaning:

"Besì"	BE Semiconductor Industries N.V.;
"Board of Management"	Besi's board of management;
"General Meeting"	Besi's general meeting of shareholders;
"Remuneration and Nomination Committee"	the remuneration and nomination committee of the Supervisory Board;
"Regulations Supervisory Board"	the regulations for the Supervisory Board;
"Remuneration Report"	the remuneration report as described in provision 1.6; and
"Supervisory Board"	Besi's supervisory board.

### **1. Duties and responsibilities**

1.1 The Remuneration and Nomination Committee shall prepare, within its duties, the Supervisory Board's decision-making. The foregoing does not affect the responsibility of the Supervisory Board as an organ and of the individual Supervisory Board members for obtaining information and forming an independent opinion.

#### **Board of Management remuneration**

1.2 The Remuneration and Nomination Committee shall submit a clear and understandable proposal to the Supervisory Board concerning the remuneration policy for the Board of Management which the Supervisory Board shall submit to the General Meeting for adoption at least every four years (as well as in case of a material change). Immediately after the General Meeting, in which the remuneration policy for the Board of Management was adopted, the remuneration policy for the Board of Management



(together with the date and results of the vote) shall be posted on Beside's website and remain publicly available for as long as it is in effect.

In addition to the matters required by article 2:135a(6) of the Dutch Civil Code and article 16(6) of Beside's articles of association, the following aspects shall in any event be taken into consideration when formulating the remuneration policy for the Board of Management:

- (a) the objectives for the implementation of the long-term value creation strategy;
- (b) the scenario analyses carried out in advance;
- (c) the pay ratios within Beside and its affiliated enterprise;
- (d) the development of the market price of the shares;
- (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
- (f) if shares are being awarded, the terms and conditions governing this; and
- (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. Share options cannot be exercised during the first three years after they are awarded.

- 1.3 The Remuneration and Nomination Committee shall submit a proposal to the Supervisory Board concerning the remuneration of individual Board of Management members. The proposal shall be drawn up in accordance with the remuneration policy for the Board of Management and shall, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within Beside and its affiliated enterprise.

When drafting the proposal for the remuneration of individual Board of Management members, the Remuneration and Nomination Committee shall take note of individual Board of Management members' views with regard to the amount and structure of their own remuneration. The Remuneration and Nomination Committee shall ask the Board of Management members to pay attention to the aspects that are taken into consideration in the formulation of the remuneration policy for the Board of Management as specifically set out in provision 1.2(a) up to and including (g).

- 1.4 The Remuneration and Nomination Committee shall ensure that the main elements of the agreement of a Board of Management member with Beside are posted on Beside's website in a transparent overview after the agreement has been concluded, and in any event no later than on the date of the notice calling the General Meeting where the appointment of the Board of Management member will be proposed.



### **Supervisory Board remuneration**

- 1.5 The Remuneration and Nomination Committee shall submit a clear and understandable proposal to the Supervisory Board concerning the remuneration policy for the Supervisory Board which the Supervisory Board shall submit to the General Meeting for adoption at least every four years (as well as in case of a material change). Immediately after the General Meeting, in which the remuneration policy for the Supervisory Board was adopted, the remuneration policy for the Supervisory Board (together with the date and results of the vote) shall be posted on Besi's website and remain publicly available for as long as it is in effect.

In addition to the matters required by article 2:145(2) of the Dutch Civil Code and article 21(3) of Besi's articles of association, the following aspects shall in any event be taken into account when formulating the remuneration policy for the Supervisory Board:

- (a) the remuneration shall promote an adequate performance and reflect the time spent and responsibilities of the role;
- (b) the remuneration shall not be dependent on the results of Besi; and
- (c) the remuneration shall not be in the form of shares and/or rights to acquire shares.

### **Remuneration Report**

- 1.6 The Remuneration and Nomination Committee shall prepare the Remuneration Report to be issued by the Supervisory Board (jointly with Besi). The Remuneration Report shall be clear and understandable, provide an overview of all remunerations awarded or due during the previous financial year to (former) individual Board of Management and Supervisory Board members and in any event describe, in a transparent manner, in addition to the matters required by article 2:135b of the Dutch Civil Code:

- (a) how the remuneration policy has been implemented in the previous financial year;
- (b) how the implementation of the remuneration policy contributes to the long-term value creation;
- (c) that scenario analyses have been taken into consideration;
- (d) the pay ratios within Besi and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;
- (e) in the event that a Board of Management member receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and the performance; and
- (f) in the event that a current or former Board of Management member receives a severance payment, the reason for this payment.



- 1.7 Besī's external auditor shall have to verify that the Remuneration Report contains all matters required by article 2:135b of the Dutch Civil Code.
- 1.8 The Remuneration Report shall be submitted to the General Meeting for an advisory vote. Although the results of the advisory vote shall not have any effect on the validity of the Remuneration Report, the results of the advisory vote shall have to be taken into account and an explanation of the manner in which that was done shall have to be given in the next Remuneration Report. After the General Meeting has voted on the Remuneration Report, the Remuneration Report shall be posted on Besī's website and remain publicly available for at least ten years.

### **Selection, nomination and appointment**

- 1.9 With respect to the selection, nomination and appointment procedures, the Remuneration and Nomination Committee shall in any event focus on:
  - (a) drawing up selection criteria and appointment procedures for Board of Management and Supervisory Board members;
  - (b) periodically assessing the size and composition of the Board of Management and the Supervisory Board, and making a proposal for a composition profile of the Supervisory Board;
  - (c) periodically assessing the functioning of individual Board of Management and Supervisory Board members, and reporting on this to the Supervisory Board;
  - (d) drawing up a plan for the succession of Board of Management and Supervisory Board members;
  - (e) making proposals for appointments and reappointments; and
  - (f) supervising the policy of the Board of Management regarding the selection criteria and appointment procedures for senior management.

### **Other**

- 1.10 The Remuneration and Nomination Committee shall prepare a report for the Supervisory Board of its deliberations and findings and how its duties were carried out in the financial year. In addition, the report shall include the composition of the Remuneration and Nomination Committee, the number of Remuneration and Nomination Committee meetings and the main items discussed at such meetings.
- 1.11 The Remuneration and Nomination Committee shall review the corporate governance principles applicable to Besī at least once a year as well as these terms of reference and shall recommend any necessary changes to the Supervisory Board.



## **2. Composition and chairman**

- 2.1 The Remuneration and Nomination Committee shall be composed of Supervisory Board members. The Remuneration and Nomination Committee (a) must have at least three members, and (b) shall not be chaired by the chairman of the Supervisory Board or by a former Board of Management member. More than half of the Remuneration and Nomination Committee members shall be considered independent within the meaning of provision 2.2 of the Regulations Supervisory Board.
- 2.2 The Remuneration and Nomination Committee members shall be appointed by the Supervisory Board at its annual organizational meeting and shall serve until their successors have been duly appointed or until their earlier resignation or removal. The Supervisory Board may remove Remuneration and Nomination Committee members from the Remuneration and Nomination Committee with or without cause.
- 2.3 The Remuneration and Nomination Committee shall appoint a chairman from among its members.
- 2.4 The chairman of the Remuneration and Nomination Committee determines the agenda, chairs the Remuneration and Nomination Committee meetings and actively stimulates the proper functioning of the Remuneration and Nomination Committee.
- 2.5 The chairman of the Remuneration and Nomination Committee shall maintain close and frequent contact with the chairman of the Supervisory Board and shall inform other Remuneration and Nomination Committee members regularly and accurately of these contacts.

## **3. Meetings**

- 3.1 The Remuneration and Nomination Committee shall meet as often as it considers necessary. The chairman of the Remuneration and Nomination Committee or, in his/her absence, any other Remuneration and Nomination Committee member shall keep minutes of the meetings which shall in principle be adopted at the following Remuneration and Nomination Committee meeting.
- 3.2 The chief executive officer of Besic or any other Board of Management member may not attend any meeting of the Remuneration and Nomination Committee or of the Supervisory Board where his/her compensation will be considered or voted upon.
- 3.3 A Remuneration and Nomination Committee meeting is convened by the chairman of the Remuneration and Nomination Committee. The notice therefor shall contain the meeting's agenda and shall be issued by letter, telex, telegram, fax or e-mail or verbally.
- 3.4 The chairman of the Remuneration and Nomination Committee shall make every effort to ensure that there is sufficient time between the notice and the date of the Remuneration and Nomination Committee meeting.



#### **4. Miscellaneous**

- 4.1 Provisions 13 and 14 of the Regulations Supervisory Board shall apply mutatis mutandis to these terms of reference and are incorporated herein by reference.