

Corporate Governance

RoodMicrotec N.V. respects the Dutch corporate governance code (hereinafter referred to as the Code) and considers its application in the light of the company's scale. In this context, RoodMicrotec has decided on a trend-follower position. The system of the Code will be leading in this chapter. The chapter numbers correspond to the chapters of the Code.

RoodMicrotec is very aware of the role it plays in society. Consequently, we judge ourselves by society's standards, thereby indirectly rendering account for our activities to all our stakeholders:

- customers
- investors
- employees
- our immediate social environment.

We also engage with these groups, for example through seminars with customers, investors and the press, regional business relations, and through open and transparent discussions with our employees. RoodMicrotec's General Business Principles and whistleblower policy may be inspected on our website.

Shareholders are free to pursue their own interests within the boundaries of reasonableness and fairness, yet mindful of corporate social responsibility. They are in principle not bound by the interests of the company and the business it runs. We are happy to enter into discussions with shareholders if they do not accept the company's explanation of why it has resolved to deviate from any best-practice provision.

Chapter 1. Long-term value creation

1.1.1 – 1.1.4 Long-term value creation strategy

The management board is responsible for the continuity of the company and its affiliated enterprise. The management board focuses on long-term value creation for the company and its affiliated enterprise, and takes into account the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this.

The management board develops a view on long-term value creation by the company and its affiliated enterprise and formulates a strategy in line with this. Depending on market dynamics, it may be necessary to make short-term adjustments to the strategy.

The management board engages with the supervisory board early on in formulating the strategy for realizing long-term value creation. The supervisory board supervises the manner in which the management board implements the long-term value creation strategy.

In the management report, the management board gives a more detailed explanation of its view on long-term value creation and the strategy for its realization, as well as a description of which contributions were made to long-term value creation in the past financial year.

1.2.1 – 1.2.3 Risk management

RoodMicrotec has adequate internal risk management and control systems in place. The management board is responsible for identifying and managing the risks associated with the company's strategy and activities. The majority of the risk management systems within the company is based on the structure from the ISO9001-2015 standard.

The management board will identify and analyze the risks associated with the strategy and activities of the company and its affiliated enterprise. Based on the risk assessment, the management board will design, implement and maintain adequate internal risk management and control systems.

The management board monitors the operation of the internal risk management and control systems and will carry out a systematic assessment of their design and effectiveness at least once a year. This monitoring covers all material control measures relating to strategic, operational, compliance and reporting risks.

1.3.1 – 1.3.6 Internal audit function

Since RoodMicrotec does not have an internal audit function, the supervisory board will assess annually whether adequate alternative measures have been taken, and will consider whether it is necessary to establish an internal audit department.

1.4.1 – 1.4.3 Risk management accountability

The management board will render account of the effectiveness of the design and the operation of the internal risk management and control systems. The management board discusses the effectiveness of the design and operation of the internal risk management and control systems with the supervisory board. The management report will render account of the accountability as well as the insight made into the risk management.

1.5.1 – 1.5.4 Role of the supervisory board

The supervisory board supervises the policies carried out by the management board and the general affairs of the company and its affiliated enterprise. In so doing, the supervisory board also focuses on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial reporting.

RoodMicrotec does not have a separate audit committee due to the size of the company. The functions of the audit committee is handled by the supervisory board.

The supervisory board will focus on monitoring the management board with regard to:

- relations with, and compliance with recommendations and following up of comments by, the external auditors;
- the funding of the company;
- the application of information and communication technology by the company, including risks relating to cybersecurity; and
- the company's tax policy.

1.6.1 – 1.6.5 Appointment and assessment of the functioning of the external auditor

The supervisory board will submit the nomination for the appointment of the external auditor to the general meeting, and supervises the external auditor's functioning.

The supervisory board gives the external auditor a general idea of the content of the reports relating to their functioning. The supervisory board will formulate the engagement for the external auditor's to audit the financial statements. The management board plays a facilitating role in this process. In formulating the terms of engagement, attention must be paid to the scope of the audit, the materiality to be used and remuneration for the audit.

The main conclusions of the supervisory board regarding the external auditor's nomination and the outcomes of the external auditor selection process will be communicated to the general meeting. The company should publish a press release in the event of the early termination of the relationship with the external audit firm. The press release should explain the reasons for this early termination.

1.7.1 – 1.7.6 Performance of the external auditor's work

The supervisory board and the external auditor will discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The management board and the supervisory board should maintain regular contact with the external auditor.

The management board will ensure that the external auditor receives all information that is necessary for the performance of his work in a timely fashion. The external auditor will discuss the draft audit plan with the management board before presenting it to the supervisory board.

The supervisory board will determine whether and, if so, how the external auditor should be involved in the content and publication of financial reports other than the financial statements. The supervisory board should meet with the external auditor as often as it considers necessary, but at least once per year, outside the presence of the management board.

The supervisory board should be permitted to examine the most important points of discussion arising between the external auditor and the management board based on the draft management letter or the draft audit report. The external auditor should in any event attend the meeting of the supervisory board at which the report of the external auditor on the audit of the financial statements is discussed.

Chapter 2. Effective management and supervision

2.1.1 – 2.1.10 Composition and size

The management board and the supervisory board are composed such that the requisite expertise, background, competencies and – as regards the supervisory board – independence are present for them to carry out their duties properly. The size of these two bodies reflects these requirements.

The supervisory board should prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the company. Information about each supervisory board member will be included in the report of the supervisory board.

RoodMicrotec does not have an executive committee due to the size of the company.

The supervisory board should draw up a diversity policy for the composition of the management board and the supervisory board.

The composition of the supervisory board is such that the members are able to operate independently and critically vis-à-vis one another, the management board, and any particular interests involved. RoodMicrotec is following the definition in chapter 2.1.8 when defining independence of the supervisory board members. The chairman of the supervisory board should not be a former member of the management board of the company and should be independent.

The report of the supervisory board states that, in the opinion of the supervisory board, the independence requirements referred to in best practice provisions have been fulfilled.

2.2.1 – 2.2.8 Appointment, succession and evaluation

The supervisory board ensures that a formal and transparent procedure is in place for the appointment and reappointment of management board and supervisory board members, as well as a sound plan for the succession of management board and supervisory board members, with due regard to the diversity policy. The functioning of the management board and the supervisory board as a collective and the functioning of individual members should be evaluated on a regular basis.

A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time. A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years.

A member of the supervisory board or the management board should retire early in the event of inadequate functioning, structural incompatibility of interests, and in other instances in which this is deemed necessary by the supervisory board.

RoodMicrotec does not have a separate selection and appointment committee due to the size of the company. The functions of the selection and appointment committee is handled by the supervisory board.

At least once per year, outside the presence of the management board, the supervisory board should evaluate its own functioning and that of the individual supervisory board members, and should discuss the conclusions that are attached to the evaluation.

At least once per year, outside the presence of the management board, the supervisory board should evaluate both the functioning of the management board as a whole and that of the individual management board members, and should discuss the conclusions that must be attached to the evaluation, such also in light of the succession of management board members.

2.3.1 – 2.3.11 Organisation of the supervisory board and reports

The supervisory board ensures that it functions effectively. It is the responsibility of the supervisory board as an organ and of the individual members of the supervisory board to obtain information and forming an independent opinion.

The supervisory board does not have any committees, all items are handled by the supervisory board. The company has appointed a company secretary, who ensures the usage of certain procedures and ensures that the company operates in accordance with legal obligations and the articles of association. The vice-chairman of the Supervisory Board, or, if no such person has been designated, one of the other supervisory directors, will replace the chairman as required. The vice-chairman will also serve as contact for individual supervisory directors and managing directors in matters regarding the functioning of the chairman.

A delegated supervisory board member is a supervisory board member who has a special task. The delegation may not extend beyond the responsibilities of the supervisory board itself and may not include the management of the company. A supervisory board member who temporarily takes on the management of the company, where the management board members are absent or unable to fulfil their duties, should resign from the supervisory board.

The annual statements of the company include a report by the supervisory board. In this report, the supervisory board renders account of the supervision conducted in the past financial year.

2.4.1 – 2.4.9 Decision making and functioning

The management board and the supervisory board ensure that decisions are made in a balanced and effective manner whilst taking account of the interests of stakeholders. The management board ensures that information is provided in a timely and sound manner. The management board and the supervisory board keep their knowledge and skills up to date and spend sufficient time on their duties and responsibilities. They should ensure that, in performing their duties, they have the information that is required for effective decision-making.

The chairman of the supervisory board should act on behalf of the supervisory board as the main contact for the management board.

The management board and the supervisory board should each conduct an annual review for their own organ to identify any aspects with regard to which the supervisory board members and management board members require training or education.

2.5.1 – 2.5.5 Culture

The management board is responsible for creating a culture aimed at long-term value creation for the company and its affiliated enterprise. The supervisory board should supervise the activities of the management board in this regard. The management board has generated a code of conduct and monitor its effectiveness and compliance with this code, both on the part of itself and of the employees of the company.

2.6.1 – 2.6.4 Misconduct and irregularities

The management board and the supervisory board should be alert to indications of actual or suspected misconduct or irregularities. The management board should establish a procedure for reporting actual or suspicion of misconduct or irregularities, and take appropriate follow-up action on the basis of these reports.

The supervisory board monitors the management board in this.

The external auditor should inform the chairman of the supervisory board without delay if, during the performance of his duties, he discovers or suspect an instance of misconduct or irregularity.

2.7.1 – 2.7.6 Preventing conflicts of interest

Any form of conflict of interest between the company and the members of its management board or supervisory board should be prevented. To avoid conflicts of interest, adequate measures should be taken. The supervisory board is responsible for the decision-making on dealing with conflicts of interest regarding management board members, supervisory board members and majority shareholders in relation to the company.

All transactions in which there are conflicts of interest with management board members or supervisory board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in

which there are conflicts of interest with management board members or supervisory board members that are of material significance to the company and/or to the relevant management board members or supervisory board members should require the approval of the supervisory board. All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company should be agreed on terms that are customary in the market.

The company should not grant its management board members and supervisory board members any personal loans, guarantees or the like.

2.8.1 – 2.8.3 Takeover situations

In the event of a takeover bid for the company's shares or for the depository receipts for the company's shares, in the event of a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Section 2:107a(1)(c) of the Dutch Civil Code, and/or in the event of other substantial changes in the structure of the organisation, both the management board and the supervisory board should ensure that the stakeholder interests concerned are carefully weighed and any conflict of interest for supervisory board members or management board members is avoided. The management board and the supervisory board should be guided in their actions by the interests of the company and its affiliated enterprise.

Chapter 3. Remuneration

3.1.1 – 3.1.3 Remuneration policy – management board

The remuneration policy applicable to management board members should be clear and understandable, should focus on long-term value creation for the company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage management board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The supervisory board is responsible for formulating the remuneration policy and its implementation.

RoodMicrotec does not have a separate remuneration committee due to the size of the company. The functions of the remuneration committee is handled by the supervisory board.

The remuneration of the Board of Management consists of a fixed salary plus a variable part that will be partially paid out in options. There is a balance between a fixed and variable part of the compensation. The calculation is transparent. The granting of options is subject to the achievement of targets set by the Supervisory Board in the context of the company's strategic plan. The achievement of the targets by the Board of Management will be evaluated every twelve months and new targets will be set. The targets for the Board of Management are not described in the annual accounts due to competitive reasons. Company objectives are described in this report.

Regarding ownership and transactions of shares by board members, other than those issued by the company itself, the Supervisory Board has resolved to deviate from the Code. Management Board members are not permitted to hold direct or indirect interests amounting to more than 5% in other listed companies or companies in the semiconductor industry, unless the Supervisory Board has granted specific permission. Furthermore, management board members must report changes in shareholdings in other listed or semiconductor companies to the chairman of the Supervisory Board.

3.2.1 – 3.2.3 Determination of management board remuneration

The supervisory board should determine the remuneration of the individual members of the management board, within the limits of the remuneration policy adopted by the general meeting.

The employment of the Management Board members may be terminated by giving six months' notice in writing before the end of each calendar month. In case of termination from RoodMicrotec the Management Board member is entitled to a severance pay equal to 100% of total annual gross salary.

3.3.1 – 3.3.3 Remuneration – supervisory board

The supervisory board should submit a clear and understandable proposal for its own appropriate remuneration to the general meeting. The remuneration of supervisory board members should promote an adequate performance of their role and should not be dependent on the results of the company.

The remuneration of the supervisory board members should reflect the time spent and the responsibilities of their role. Supervisory board members may not be awarded remuneration in the form of shares and/or rights to shares. Shares held by a supervisory board member in the company on whose supervisory board they serve should be long-term investments.

In deviation from the Code, it has been determined that no member of the Supervisory Board will be permitted to hold direct or indirect interests of more than 5% in the share capital of other listed companies or companies in the semiconductor industry. Furthermore, supervisory directors must report changes in shareholdings in other listed or semiconductor companies to the chairman of the Supervisory Board.

RoodMicrotec has not provided any personal loans or guarantees to members of the Supervisory Board.

3.4.1 – 3.4.2 Accountability for implementation of remuneration policy

In the remuneration report, the supervisory board should render account of the implementation of the remuneration policy in a transparent manner. The main elements of the agreement of a management board member with the company should be published on the company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the management board member will be proposed.

Chapter 4. The general meeting

4.1.1 – 4.1.10 The general meeting

The general meeting should be able to exert such influence on the policies of the management board and the supervisory board of the company that it plays a fully-fledged role in the system of checks and balances in the company. Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting.

The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a meaningful discussion at the meeting. The agenda of the general meeting should list which items are up for discussion and which items are to be voted on. The following items should be dealt with as separate agenda items:

material changes to the articles of association;

proposals relating to the appointment of management board and supervisory board members;

the policy of the company on additions to reserves and on dividends;

any proposal to pay out dividend;

resolutions to approve the management conducted by the management board (discharge of management board members from liability);

resolutions to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability);

each substantial change in the corporate governance structure of the company; and

the appointment of the external auditor.

If a shareholder has arranged for an item to be put on the agenda, he should explain this at the meeting and, if necessary, answer questions about it. A shareholder should only exercise the right to put items on the agenda after they have consulted with the management board on this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example as a result of the dismissal of one or several management board or supervisory board members, the management board should be given the opportunity to stipulate a reasonable period in which to respond.

Management board and supervisory board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination.

The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor should for this purpose attend and be entitled to address this meeting.

Within three months after the general meeting the minutes of the meeting are published in concept on the website of the company. The shareholders can react and after three months the minutes will be determined and finalized. The minutes are signed by the chairman and the secretary of the shareholders meeting. The final and signed version will be published on the company's website and replace the concept.

4.2.1 – 4.2.6 Provision of information

The management board and the supervisory board should ensure that the general meeting is adequately provided with information.

The company has formulated an outline policy on bilateral contacts with the shareholders and has posted this policy on its website. Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences are announced in advance on the company's website and by means of press releases.

The contacts between the management board on the one hand and the press and financial analysts on the other are handled and structured carefully and with due observance of the applicable laws and regulations.

4.3.1 – 4.3.6 Casting votes

Participation of as many shareholders as possible in the general meeting's decision-making is in the interest of the company's checks and balances. The company should, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

RoodMicrotec does not have any financing preference shares.

4.4.1 – 4.4.8 Issuing depositary receipts for shares Casting votes

Since no depositary receipts for shares have been issued, this part of the Code is not applicable to RoodMicrotec.

Chapter 5. One-tier governance structure

5.1.1 – 5.1.5 One-tier governance structure

Since RoodMicrotec is operating a two-tier structure, this part of the Code is not applicable.

Board of Management

O.M. Sallenhag, CEO

R. Pusch, COO

A. Ladega, CFO

Zwolle, 12 April 2018