

RoodMicrotec N.V. Remuneration Policy 2020 - 2023

The new Remuneration Policy of RoodMicrotec N.V. ('the Company') as proposed by the Supervisory Board follows a review of the existing policy that has been effective as from April 2018 after the approval by the Annual General Meeting of Shareholders ('the AGM'). This new proposal continues the existing Remuneration Policy principles and is updated for the outcomes of the review of the requirements as contained in the Dutch Corporate Governance Code and the new Dutch legal requirements. In addition, the policy is extended with the remuneration principles applicable to the individual compensation of the Supervisory Board members.

This new policy is presented to be adopted by the AGM on 23 July 2020 and if approved, this Remuneration Policy will replace the existing Remuneration Policy. It is intended that this new Remuneration Policy will be applicable for four years, covering the financial year 2020 until and including 2023. Changes to this policy during this four-year period will be presented to the AGM for approval. After the four-year period, the Remuneration Policy will again be presented to the AGM for approval whereby this Remuneration Policy remains to be operated and applied by the Company until a new policy is approved by the AGM.

For the remuneration of the Board of Management, the Supervisory Board may, in exceptional circumstances only and in accordance with Dutch law, decide to temporarily deviate from the Remuneration Policy. Exceptional circumstances shall cover only situations in which the deviation from the Remuneration Policy is necessary to ensure the long-term interests and sustainability of the Company as a whole or to assure its viability, such as a change of control at the level of the Company. In such circumstances a deviation from the Remuneration Policy is permitted. The Supervisory Board will account for this during the AGM immediately following the occurrence of such exceptional circumstance resulting in a deviation from the Remuneration Policy. RoodMicrotec N.V. does not have a Works Council and therefore an advice cannot be given.

A. Board of Management

Introduction

The Supervisory Board has the responsibility of determining the Remuneration Policy and principles of the Board of Management of the Company and for recommending and monitoring the level and structure of remuneration. Within this framework, the Supervisory Board determines the individual remuneration of the members of the Board of Management.

The Company's Remuneration Policy aims to enable the Company to attract, retain, engage, motivate and reward highly qualified members of the Board of Management with the required background, skills and experience. It is transparent and aligns the interests of the Company, shareholders and other stakeholders in the medium and long-term to deliver sustainable performance in line with the strategy, purpose and values of the Company. The mission also clearly links to and supports the high-quality standards operated by the Company that include manufacturing standards, footprint and safety. The Remuneration Policy seeks to promote these strategic objectives within the Company's risk appetite, promote sustainable achievements and promote an ethical culture and responsible corporate citizenship.

The Company aspires to ensure that the Remuneration Policy aligns with all policies and procedures and complies with relevant laws and the Dutch Corporate Governance Code by applying high standards of corporate governance, environmental and ethical practices. Sound corporate governance is a key element of the culture, behavior and management of the Company and is consistent with the core values and purpose. For this purpose we have defined our Code of Conduct to ensure these high standards in both the workplace and in all of our business dealings. These policies as contained in our Code of Conduct that encompass human rights, health and safety, conflict minerals, anti-corruption and anti-bribery, conflict of interest, financial reporting environmental responsibility, insider trading, community initiatives and includes a whistleblower procedure. The underlying documentation of our full Code of Conduct is available on our corporate website.

The level of remuneration of the Board of Management will be determined on the basis of a variety of factors, including periodic benchmark assessments. The Supervisory Board has analyzed the possible outcomes of the variable remuneration referred to in this policy and how these may affect the remuneration of the Board of Management. In this respect regular scenario analysis 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. The variable remuneration will be linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature and linked to the strategy. In determining the actual remuneration of the Board of Management, the Supervisory Board assesses the actual performance delivered based on the strategy and takes into account the impact of the overall remuneration of the Board of Management on the pay differentials within the Company. When determining the remuneration, the Supervisory Board obtains the views of the individual members of the Board of Management relating to the level and structure of the remuneration.

When determining the remuneration levels of the Board of Management, the Supervisory Board considers the remuneration arrangements for other employees in the Company, the internal pay ratio's and the views within society to ensure that the remuneration of the Board of Management remains fair, reasonable and aligned with our values and purpose. Furthermore, the views of shareholders as expressed during the AGM or in dialogue with investors and/or shareholder representative bodies are considered when operating the Remuneration Policy.

The Supervisory Board regularly (i) reviews business objectives, (ii) undertakes risk assessments, (iii) assesses 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 the Board of Management is established on an annual basis by the Supervisory Board. The remuneration structure of the Board of Management consists of the following elements:

- Fixed compensation - Annual base salary;
- Short-Term Incentive - Annual cash bonus plan;
- Long-Term Incentive - Performance cash bonus plan;
- Other benefits.

The above components are regularly compared with a balanced remuneration reference group of companies selected based on industry, labor market, size and geographical spread to determine the total remuneration package for the Board of Management. When selecting reference companies the size and complexity of the Company is taken into account, including market capitalization, net revenues and total assets.

As there are insufficient comparable listed companies to benchmark with, the above components are regularly compared with a balanced remuneration reference group of comparable roles in the European Semiconductor industry. As per common practice in these companies the weight of the role (job size) is evaluated from direct responsibility factors such as annual revenue, total assets under management, the size of the organization (number of employees), the required skills to manage the complexity of the business and the risk factors. Comparable roles in companies such as Infineon, STM and NXP form the basis of this judgement. For the incentive elements of the package the factors considered are drawn from the required short-term goals to ensure the achievement of budgets and to keep the company in good health. For the long term, to ensure the agreed strategic vision will be achieved and the shareholder interests will be met.

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 major changes to the composition of the remuneration reference group will be subject to the approval of the AGM.

In establishing the remuneration for members of the Board of Management, the Supervisory Board may consult 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.

Fixed compensation - Annual 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. If adjusted, the new base salary will be valid as of 1 July of the present financial year.

Base salaries of the members of the Board of Management will be determined by comparing the base salary 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.

Short-Term Incentive - Annual cash bonus plan

The Board of Management is entitled to receive an annual, performance-related bonus payable in cash. The objective is to incentivize strong financial and personal performance in line with the Company's strategy and annually defined targets. The maximum short-term incentive opportunity for the Board of Management is set at 30% of annual base salary.

Each year, the Supervisory Board sets the performance targets after approval of the budget for the next financial year. Approximately 70% of the performance targets are linked to financial objectives. The remaining 30% is based on non-financial and/or personal objectives.

After the end of each financial year the achievement of the short-term objectives are formally evaluated and determined by the Supervisory Board. Pay-out of the annual bonus, if any, will follow the formal approval of the financial statements.

Long-Term Incentive - Performance cash bonus plan

The Board of Management is entitled to receive a long-term bonus payable in cash. The objective is to incentivize shareholder value creation. Normally, share options, performance shares or other share-based payment instruments would be more customary for this objective. However, given the small size of the Company and the low price of its shares, the Supervisory Board has decided to avoid the complexity of these type of instruments (only to be used for a limited number of officers at the Company), which also bring additional expenses (e.g. for fair value reports) to the Company, and simplify the long-term incentive compared to the remuneration policy in previous years by applying a performance cash bonus plan.

At the end of the four-year service agreement term, 7% of the accumulated net profit (after tax) for the last four years will be paid out to the Board of Management (5% for the CEO and 2% for the CFO).

Other benefits

Other benefits, if any, will be provided in line with the existing Company agreements and practices, or as determined by the Supervisory Board.

Service agreements

Service contracts with any new member of the Board of Management will in principle be entered into for a period of four years. Existing contracts for an indefinite period of time will not be replaced by contracts with a limited period or by contracts with different conditions.

Compliant with the Dutch Corporate Governance Code, the service agreements with the members of the Board of Management contain a severance payment of maximum one annual base salary.

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).

Claw back and ultimate remedium

The Short-Term Incentive and the Long-Term Incentive components for the members of the Board of Management are subject to claw back 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/or 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.

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 Company performance is taken into consideration.

Miscellaneous

The Company's policy is not to grant its Board of Management any personal loans, guarantees or advance payments.

B. Supervisory Board

Introduction

This policy aims to attract, retain and fairly compensate Supervisory Board members with the required background, skills and experience and to reflect the responsibilities of their role.

In line with the roles and responsibilities of the Supervisory Board, the compensation of the members is based on fixed amounts paid in cash. Supervisory Board members are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution. This compensation structure is designed to ensure the independence of the Supervisory Board members and the effectiveness from a corporate governance perspective.

Fixed compensation

The Supervisory Board members are entitled to a fixed base fee for membership of the Supervisory Board. As approved by the AGM, the Supervisory Board members are entitled to the following annual fees:

- Chair EUR 15,000
- Member EUR 12,000

The Supervisory Board will present any proposed changes to the fees or the compensation elements to the AGM for approval.

Service agreements

Supervisory Board members are, in principle, appointed for a period of four years, subject to the approval of the AGM.

Miscellaneous

The Company's policy is not to grant its Supervisory Board members any personal loans, guarantees or advance payments.

Deventer, the Netherlands, 10 June 2020

The Supervisory Board