



Corporate Governance Charter

Version 25 April 2023

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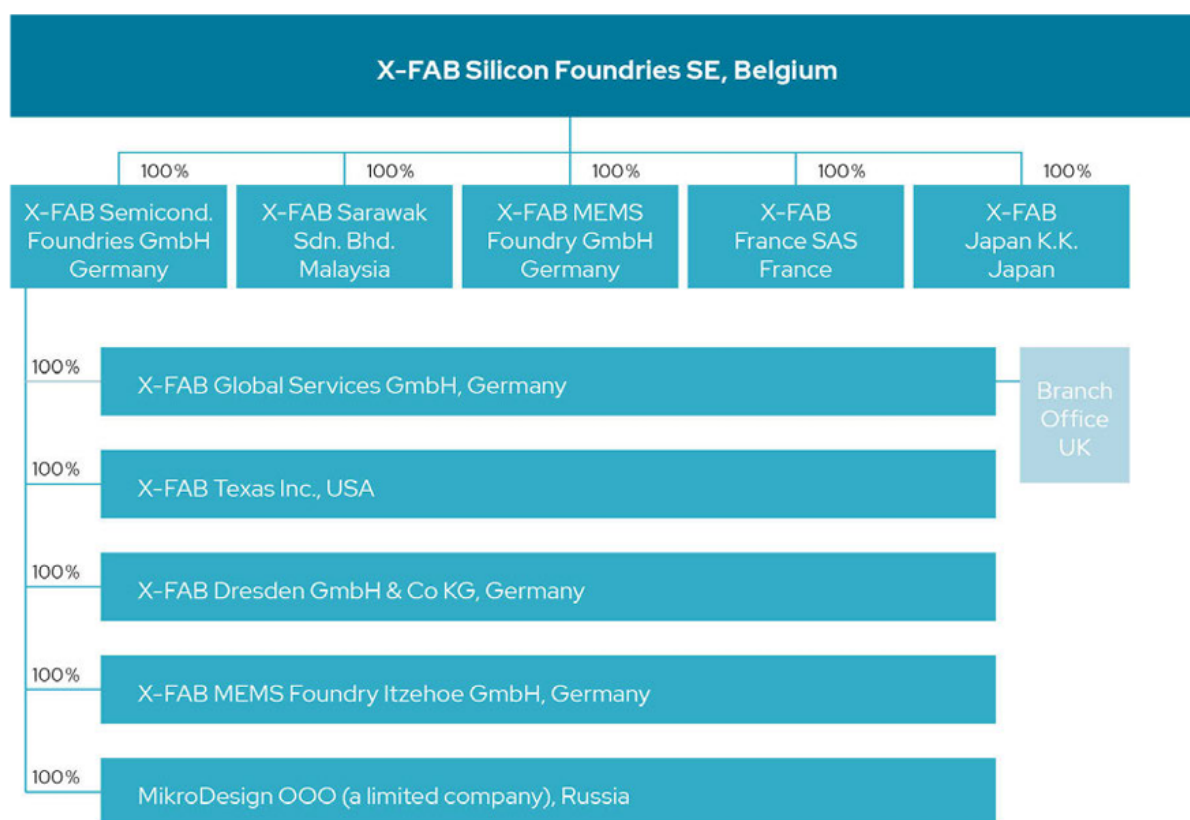
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1. Introduction

This corporate governance charter (the “**Corporate Governance Charter**”) has been approved by the Board of Directors of X-FAB Silicon Foundries SE (the “**Company**”).

2. Shareholdings

2.1 Group structure



X-FAB Dresden GmbH & Co. KG refers to X-FAB Dresden GmbH & Co. KG and X-FAB Dresden Verwaltungs-GmbH

2.2 Main shareholders and shareholders' agreement

The main shareholders of the Company are Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. As at 31 December 2022, Xtrion NV holds 63,333,563 shares in the Company and Sarawak Technology Holdings Sdn. Bhd. 14,948,655 shares. Xtrion NV is beneficially owned by Roland Duchâtelet, Rudi De Winter and Françoise Chombar. Sarawak Technology Holdings Sdn. Bhd. is a wholly owned subsidiary of the Malaysian State of Sarawak.

In addition, Xtrion NV holds a controlling interest in Melexis NV, the Company's principal customer. The Company's CEO, Rudi De Winter, one of the Company's non-executive directors, Roland Duchâtelet, and

the Chair of the board of directors of Melexis NV, Françoise Chombar (who is married to Rudi De Winter), are all shareholders and managing directors of Xtrion NV, and therefore indirectly a shareholder of both the Company and Melexis NV.

Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. have entered into a shareholders' agreement as shareholders of X-FAB (the "Shareholders' Agreement"). The Shareholders' Agreement applies for as long as each of the shareholders holds more than 5% of the shares. The Shareholders' Agreement addresses certain matters relating to the governance of X-FAB as well as the transfer of shares held by the parties to this Shareholders' Agreement.

Pursuant to the terms of the Shareholders' Agreement, Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. agreed among them that each of them will have the right to appoint two directors on the board of directors. The Shareholders' Agreement provides for certain restrictions on the ability of Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. to transfer their Shares.

The Board of Directors encourages the controlling shareholders to express their strategic goals and to make judicious use of their position in order to avoid potential conflicts of interests.

2.3 Notification of significant shareholdings

Pursuant to the Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions (the "**Transparency Law**"), notifications to the Company and to the FSMA are required by all natural and legal persons where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at intervals of 5% or, as the case may be, the additional thresholds provided in the Articles of Association. The Company has not provided for any additional thresholds in the Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification.

2.4 Related party transactions

Save for certain exempted decisions or transactions, Article 9 (1) c) (iii) of the SE Regulation *juncto* Article 7:97 of the Belgian Companies and Associations Code (BCAC) provides for a special procedure to apply when decisions or transactions of the Company concern relationships between the Company on the one hand, and affiliated persons or companies of such company on the other hand, with the exception of relationships between the Company and its subsidiaries.

2.5 Dialogue with the shareholders

The Company strives to maintain a permanent dialogue with shareholders and investors to gain insights in their goals and expectations. The Board of Directors discusses at least once a year the feedback resulting from this dialogue. Next to that, the Board of Directors ensures that all shareholders are treated equally.

The Company encourages the shareholders to take part in the General Meetings and regularly organizes conference calls open for all investors and other stakeholders. The Chair of the General Meeting ensures that each relevant question of the shareholders is properly answered.

Shareholder and investor information, such as the Articles of Association of the Company, the calendar, participation formalities, proxy forms and all other relevant information in respect of General Meetings, information with respect to the Company's strategy and development, half-yearly and annual results and all other legally required information is published on the website of the Company: <https://www.xfab.com/investors/>.

3. Board of Directors

3.1 Powers and responsibilities of the Board

3.1.1 General

The Company has as European Company opted for a "one tier" governance structure whereby the board of directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company. The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's purpose, except for those actions that are specifically reserved by law or the Articles of Association to the Shareholders' Meeting or other management bodies.

The main responsibilities of the Board of Directors relate to giving strategic direction, on the medium and long term, to the Company and the supervision of the state of affairs in order to establish sustainable value creation and a balance between de legitimate interests of the shareholders and other stakeholders of the Company. In particular, the Board is responsible for:

- defining the general policy orientations of the Company and its subsidiaries;
- deciding all major strategic, financial and operational matters of the Company;
- establishing the Company's strategy, corporate culture, ethics and values, key policies and standards that may influence the way in which the strategic objectives are achieved;
- supporting, overseeing and evaluating the performance of the management by the Chief Executive Officer (the "**CEO**") and other members of the Executive Management Team;
- ensuring that an internal control system and procedures are put in place, including an appropriate risk identification and management system and procedures to ensure legal compliance;
- approving the framework and monitor the functioning and adequacy of the internal control and risk management system and procedures set up by the Executive Management, taking into account the review made by the Audit Committee;
- approving the framework and monitoring of the Company's Diversity and Equal Treatment Policy and supporting the initiatives of the Diversity Council.
- taking the necessary measures to ensure the integrity and timely disclosure of the financial statements and other material financial and non-financial information disclosed to the shareholders and potential shareholders;
- providing for a high quality annual report, that includes an outlook on the performance of the

Company and information on issues of social concern, such as environmental and social indicators;

- monitoring and reviewing the effectiveness of the Board's committees;
- monitoring the activities of the statutory auditor and the internal audit department, taking into account the review made by the Audit Committee;
- regularly reviewing the business plan as prepared by the Executive Management Team, among others by (i) developing an in-depth knowledge of the business being served, (ii) understanding and questioning the plan's assumptions, and reaching an independent judgment as to the probability that the plan can be realized; and (iii) monitoring corporate performance against the strategic targets and business plan;
- reviewing, approving and monitoring the Company's financial objectives, including the risk appetite and the corresponding capital needs, and non-financial objectives;
- deciding on the appointment or removal of any member of the Executive Management Team and providing a succession plan, taking into account the advice of the Remuneration and Nomination Committee;
- proposing appointment procedures and objective selection criteria (including the board's diversity policy), to make concrete propositions to the Shareholders' Meeting in relation to the (re)nomination of directors and to determine and periodically review the Company's plans for the orderly succession of directors, taking into account the advice of the Nomination and Remuneration Committee;
- determining the Company's remuneration policy for non-executive directors, the CEO and of the other members of the Executive Management Team, including any share-based or other incentives (without prejudice to the powers of the Shareholders' Meeting, to the extent applicable) thereby also taking into account the advice of the Nomination and Remuneration Committee;
- deciding on any delegation of powers to the CEO and the other members of the Executive Management Team; and
- all other matters reserved to the Board by the SE Regulation or the BCAC.

The Board of Directors has delegated certain powers to the CEO and other members of the Executive Management Team (see Article 5).

3.1.2 Information to the Board

The Board will take the necessary measures in order to ensure that it is informed on a regular basis on:

- the progress towards the implementation of the business plan;
- key business developments, key figures and key decisions of the Executive Management Team (including the Company's supply chain management, environmental performance).

3.2 Composition of the Board

3.2.1 General

Pursuant to the Articles of Association, the Board of Directors must be composed of at least five members. All directors maintain the highest standards of integrity and honesty. They show an independent spirit and always act in the Company's interest.

The actual number of directors may vary, depending on the Company's needs and efficient decision-making. The composition of the Board depends on the evolution of the Company over time as well, e.g., generation of new activities, change in ownership, etc. As of the date of this Corporate Governance Charter, the Board of Directors comprises nine members.

In accordance with the Belgian Code on Corporate Governance 2020 edition (the "**Code 2020**"), the term of office of directors does not exceed four years.

The appointment and renewal of directors is based on a recommendation of the Remuneration and Nomination Committee and is subject to approval by the Shareholders' Meeting. The Board of Directors applies the following policy guidelines when proposing a new director to the Shareholders' Meeting:

- every director is proposed on the basis of his/her specific know-how and experience, so that the Board of directors as a whole has the necessary skills, qualifications and diversity to fulfil its duties.
- verifying that every director is able to commit sufficient availability to accomplish his/her duties;
- verifying that every director, executive or non-executive, and with respect to the latter, regardless of whether or not they are independent, must have sufficient capacity to make independent judgement;
- the Board of Directors is composed of directors of different nationalities, gender, age, background, education etc.; an important and fair representation of the directors reflects the interest of the business and markets of the Company.
- the capabilities, knowledge, experience and a competency profile of a director are determined before every appointment of new directors. The Board of Directors aims at achieving the largest possible diversity and complementarity between the board members.

The Chair should ensure that, before considering the candidate, the Board of Directors has received sufficient information such as the candidate's curriculum vitae, an assessment of the candidate based on the candidate's initial interview, a list of the positions held by the candidate, and, if applicable, the necessary information about the candidate's independence.

Candidates for vacant or additional director seats are nominated by the Board of Directors at the General Meeting, after obtaining advice of the Remuneration and Nomination Committee.

Should the Board of Directors consider appointing the previous CEO as a director, it will ensure that the necessary safeguards are put in place to ensure that the new CEO gets the required autonomy. If the Board would consider appointing a previous CEO as Chair of the Board of Directors, the positive and negative implications of such a decision would be carefully weighed against each other and the Corporate Governance Statement would state why such appointment would not impede the required autonomy of the CEO.

3.2.2 Appointments

The Remuneration and Nomination Committee evaluates whether the admission requirements are complied with before making a proposal to appoint a director to the Board. The Chair reports to the Remuneration and Nomination Committee on the progress made in order to allow the Remuneration and Nomination Committee to make a reasoned recommendation to the Board.

The Board of Directors submits its proposals for appointment and reappointment of directors to the General Meeting based on the advice of the Remuneration and Nomination Committee. Proposals from the Board of Directors or from the shareholders for appointment or reappointment are notified 30 days before the General Meeting, together with the other items on the agenda (or pursuant to article 7:128 BCAC). The proposal elaborates on the duration of proposed mandate, the professional qualification of the candidate, his/her previous functions and compliance or not with the independence criteria.

The General Meeting discusses and resolves, on a separate basis, on the appointment or reappointment of directors by a majority of the votes cast. The General Meeting may dismiss directors before the end of their mandate by a majority of the votes cast.

The Board of Directors follows the appointment and reappointment process as part of a global supervisory plan, so that an adapted level of skills, experience and expertise is maintained in the Company and the Board of Directors.

3.2.3 Non-executive directors and independent directors

At least half of the directors are non-executive, and at least three directors are independent in accordance with the criteria set out in article 7:87 BCAC.

The independent directors meet all independence criteria under recommendation 3.5 of the Code 2020. Exceptions must be duly motivated and approved by the General Meeting. Any independent director, who no longer satisfies the criteria to qualify as independent, must immediately notify the Board of Directors accordingly.

Non-executive directors do not hold more than five director's mandates in listed companies.

3.2.4 Diversity

As of the date of this Corporate Governance Charter, the Board of Directors comprises five male directors and four female directors. That means that in, accordance with the rules of the BCAC, one third of the directors is of the opposite gender.

3.2.5 Professional development and succession

Every new director gets an appropriate, comprehensive and formal induction which provides insight in X-FAB. This includes insights in its management, strategy, values, policy guidelines, governance, activities, business challenges, finance, risk management and internal control systems. The induction includes visiting sites and meeting senior management.

There is an internal procedure in place that ensures the orderly and timely succession of directors.

3.2.6 Chair of the Board of Directors

The Chair of the Board of Directors and the CEO are not the same individual and the Chair is a non-executive director.

In case of absence of the Chair, the most senior director present chairs the Board meeting. If one or more directors are legal persons, the age of the permanent representative who represents that legal person shall be decisive.

The Chair is responsible for the leadership of the Board. The Chair takes the measures required to create a climate of trust within the Board, which contributes to an open discussion, constructive criticism and support for the decisions of the Board. He/she must ensure that the Board functions effectively and in line with the Articles of Association and the Corporate Governance Charter. In particular, the Chair:

- coordinates the processes that govern the appointment or re-election of the members of the Board and the Board committees;
- plans the Board meetings. He/she draws up, in consultation with the CEO, the calendar and the agenda of Board and committee meetings. The Chair is consulted reasonably in advance on all matters which the CEO wishes to submit to the Board;
- prepares, chairs and leads the Board meetings and ensures that the procedures relating to the preparation, the deliberations, the approval of resolutions and the implementation of decisions run smoothly. The Chair, assisted by the company secretary, ensures that the directors receive clear, timely, accurate information before the meetings to allow recipients enough time to review them and that all members of the Board receive the same information;
- oversees and ensures the quality of continuous interaction and dialogue at Board level and ensures effective interaction between the board and the executive management;
- is responsible for providing the appropriate induction for newly appointed directors to ensure their swift contribution to the Board;
- chairs and leads the Shareholders' Meetings, either personally, with assistance, or through a designated other director, and ensures that they are conducted efficiently;
- ensures effective communication with shareholders and that board members develop and maintain an understanding of the views of the shareholders and other significant stakeholders.
- represents and safeguards, in consultation with the CEO, the interests of the Company by maintaining contact with external constituencies and participating in external policy forums; and
- is consulted at an early stage on strategic initiatives of the CEO and the Executive Management Team.

3.2.7 Company Secretary

The Company Secretary appointed by the Board advises the Board on governance matters. He/she assists and advises the Chair of the Board and the chairmen of the Board committees in exercising their general and specific roles and duties.

The core responsibilities of the Company Secretary include:

- reporting regularly to the Board of Directors, under the direction of the Chair and with the support of the Company legal team;
- ensuring, under the direction of the Chair, good information flow within the Board of Directors and its committees and between the Executive Management Team and non-executive directors;
- providing advice in relation to compliance by the corporate bodies with company law, the Articles of Association and the internal terms of reference and procedures, including this Corporate Governance Charter;
- acting as secretary of and providing assistance in the Board and the committees (including preparing minutes);
- facilitating induction and assisting with professional development within the Board of Directors;

Each director has direct access to the Company Secretary.

3.3 Functioning of the Board of Directors

3.3.1 Number of meetings and convening of the Board of Directors

In principle, the Board of Directors meets at least on a quarterly basis and whenever the interest of the Company so requires or at the request of two directors.

Non-executive directors meet once a year in the absence of the CEO and the other members of the Executive Management.

The convening notice must be sent in writing, or by any other means of communication leaving a material trace, at the latest two business days prior to the meeting, except in case of emergency, which is to be justified in the convening notice or in the minutes of the meeting. Each director may waive convocation. A director who is present or represented at the meeting shall be deemed to have been properly notified or to have waived convocation.

The meetings are held at the day, hour and place mentioned in the convening notice.

3.3.2 Attendance and quorum

Board members are expected to attend meetings regularly and in person, and to devote the necessary time to fulfil their responsibilities. If and when required, members can attend a meeting by video/phone conference or other means of communication which enables all persons participating in such meeting to hear each other in real time. Attendance in person should be preferred and attendance through other means of communication should remain the exception. Board members are also available outside the formal Board meetings to advise on the strategic direction of the Company and express their views on diverse matters.

Any director may grant a proxy in writing or by any means of communication leaving a material trace, to another director in order to represent him/her at a specific meeting and to vote on his behalf. However, no director may hold a proxy for more than one director. Representation by proxy is considered as presence for the determination of the quorum.

Management presentations to the Board are generally made by the CEO, who can be assisted by other members of the Executive Management Team or other senior officers, if necessary and at the discretion of the CEO. The Board can also require any member of the Executive Management Team to be heard.

The Board of Directors can only deliberate and decide on matters stated on the agenda and only if at least half of its members are present or represented at the meeting. If this quorum is not met, a second meeting with the same agenda will be convened immediately. It must be held within 30 days following the first meeting and can decide validly, provided that at least three directors are present. The Board of Directors can only lawfully deliberate and decide on matters that are not stated on the agenda if all the members are present at the meeting and agree to this.

3.3.3 Deliberation, voting and minutes

The meetings of the Board are presided by the Chair. If the Chair is prevented from attending a meeting, the Board is presided by the eldest of the directors present or another non-executive director, as provided for in Article 20 of the Articles of Association.

The Board of Directors functions as a collegial body. The decisions of the Board of Directors are adopted by simple majority. In the case of a tied vote, the director chairing the meeting has a casting vote.

Minutes are taken at every Board meeting. They contain a summary of the deliberations, specify the decisions that are adopted and mention any abstention or reservation of any director. The minutes will be finally approved at the subsequent Board meeting. The minutes are signed by the Chair, the secretary of the meeting, usually the Company Secretary, and any directors who request to do so.

In exceptional cases, when urgent necessity and the Company's interest demand this, the Board of Directors' decisions can be adopted by unanimous written agreement by the directors. However, this procedure cannot be adopted for drawing up the annual accounts, or the utilisation of the authorised capital.

3.3.4 Committees of the Board

The Board of Directors has established two Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit Committee and the Remuneration and Nomination. See Article 4.2 and 4.3 respectively.

3.4 Access to advisors

The Board, its members and its committees may call on external independent advisers, experts, consultants, at the Company's expense, if required for the performance of their tasks. The Chair, assisted by the Company Secretary, is entrusted with the coordination thereof with a view to ensuring cost efficiency and avoiding duplication of efforts.

3.5 Evaluation

3.5.1 Evaluation of the Board of Directors

The effectiveness of the Board of Directors and its committees is monitored and reviewed every three

years in order to achieve possible improvements in the management of the Company. The evaluation follows a formal procedure and methodology and includes conducting an anonymous survey as well as an open discussion in the board of the results thereof.

In the evaluation special attention is paid to:

- the functioning of the Board of Directors and its relevant committees;
- the thoroughness with which important issues are prepared and discussed;
- the effectiveness of the interaction with Executive Management.

In addition to this, the Board of Directors evaluates every five years if the current one tier governance structure of the Company is still appropriate.

The Chair remains available at all times to consider suggestions for improvement of the functioning of the Board or the board committees.

3.5.2 Evaluation of the individual Board Members

The non-executive directors will also make an evaluation of their interaction with the Executive Management, whereby they meet in the absence of the executive directors.

The number of meetings of the Board of Directors, as well as the individual attendance rate of the directors at these meetings, is published in the Corporate Governance Statement.

At the end of the mandate of each director, the Remuneration and Nomination Committee evaluates the presence of the director in the meetings of the Board of Director and the committees, as well as the engagement and constructive commitment of the director.

The Board of Directors acts on the basis of the results of the performance evaluation.

3.6 Conduct of the directors

3.6.1 Code of Conduct

Each director shall abide by the principles of integrity and ethically responsible conduct also applicable to the Executive Management and other members of staff. The Board of Directors is responsible for the approval and yearly evaluation of adherence to the Code of Conduct. These principles are described in the ZVEI's Code of Conduct for Corporate Social Responsibility as signed by the Company: <https://www.xfab.com/manufacturing/quality#c46>.

3.6.2 Independence

All directors maintain the highest standards of integrity and honesty. In the execution of their responsibilities, the directors make an objective and independent assessment. They improve their skills as well as their knowledge of the Company in order to be able to fulfil their role, both on the Board of Directors and in the board committees where they serve.

The directors are expected to keep up their skills and knowledge of X-FAB on a permanent basis. The Company will guide the directors throughout this process and provides the necessary means.

Each Board member is required:

- to be guided exclusively by the overall purpose of the Board of the Company, which is to pursue the long-term success of the Company and to ensure that all decisions are made in the corporate interest of the Company;
- to maintain in all circumstances his/her independence of judgment, decision and action.

The directors should make sure they receive detailed and accurate information and should spend sufficient time studying it carefully so as to acquire and maintain a clear understanding of the key issues relevant to the company's business. Board members should seek clarification whenever they deem it necessary.

3.6.3 Transactions in shares of the Company

The directors shall fully comply with the Dealing and Disclosure Code (see Article 12) and the Insider Trading Policy.

3.6.4 Transactions and agreements between the Company and directors

Non-executive directors are not permitted to enter, either directly or indirectly, into agreements with the Company or any of its subsidiaries for the provision of paid services or goods, unless explicitly authorised by the Board of Directors. Such agreements must always be at arm's length.

Directors should not directly nor indirectly compete or cause third parties to compete with the Company. Neither should they take personal advantage of any opportunity open or offered to the Company without informing the Board of Directors.

Non-executive directors are permitted to be a member of the Board of Directors of other companies and to enter into other undertakings or obligations, provided that these obligations (i) are unrelated to the Company and (ii) do not refrain a director from fulfilling his/her duties.

Executive directors are permitted to accept an appointment as a director in listed companies other than related companies, after consultation with the Board of Directors.

3.6.5 Confidentiality

In order to facilitate open discussions in Board meetings, the directors (as well as the Company Secretary) undertake to maintain the confidentiality of information and deliberations, in accordance with and subject to legal requirements.

The Board members may only use the information available to them in their capacity as Board member within the framework of their mandate. They must treat the confidential information they have received in this capacity with care and may not under any circumstances disseminate it.

In case of sensitive or confidential information, the member of the Board concerned shall consult the Chair.

4. Board committees

4.1 General

The Board is assisted by two committees: the Audit Committee and the Remuneration and Nomination Committee. They assist the Board of Directors and make recommendations, based on their knowledge and expertise. Only the Board of Directors has the final decision-making power. Strategy development is not and will not be delegated to one of the committees. This section sets forth the terms of reference of such committees existing within the Board of Directors. Additional committees may be set up by the Board as it deems appropriate.

Each committee should regularly (at least every two or three years) review its terms of reference and its own effectiveness and recommend any necessary changes to the Board.

The appointment of committee members is based on (i) their specific competences and experience, in addition to the general competence requirements for Board members and (ii) the requirement that each committee possesses the competences and experience to perform its tasks. The duration of the appointment of a committee member may not exceed the duration of his/her directorship.

4.2 Audit Committee

4.2.1 Role and responsibilities

In accordance with Article 7:87 BCAC, 3.5 of the Code 2020 and Article 19, §3 of the Articles of Association, the Board has set up an audit committee (the "**Audit Committee**").

The Audit Committee assists the Board of Directors in its supervisory tasks with respect to the internal control within the Company in the broadest sense, including the internal control of the financial reporting. The Audit Committee acts as the principal point of contact for the External Auditors.

The Audit Committee shall, in particular:

- notify the Board of Directors of the outcome of the statutory audit of the financial statements and, where applicable, the consolidated financial statements and explain how the statutory audit has contributed to the integrity of financial reporting and which role the Audit Committee has played in that process;
- monitor the financial reporting process;
- review accounting policies and conventions;
- review the draft annual accounts and examine the proposed distribution of earnings and profits;
- review the quality and integrity of financial information furnished to the shareholders and the market;
- monitor and oversee the functioning and the effectiveness of the internal controls and risk management, including for the Company and its subsidiaries as a whole;
- monitor the Company's internal audit system and examine the extent to which the Executive Management complies with the findings of the internal audit function;

- propose candidates for the position of statutory auditor to be appointed by the Shareholders' Meeting;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the statutory auditor;
- review the external audit process and review and monitor the independence of the statutory auditor and any additional services rendered by them; and
- place on the agenda of each meeting of the Audit Committee matters relating to the audit plan and all matters arising from the audit process; at least once a year such items are discussed with the external and internal auditor.

The Audit Committee will meet at least four times a year.

At least twice a year, the Audit Committee will meet the statutory and internal auditors to discuss matters relating to terms of reference and any issues arising from the audit process, and in particular any material weaknesses in the internal control.

The Audit Committee makes arrangements according to which members of staff can directly inform the Chair of the Audit Committee. If deemed necessary, arrangements shall be made for a proportionate and independent examination of such matters and for appropriate follow-up action. The internal auditor has direct and unlimited access to the Chair of the Audit Committee and the Chair of the Board.

4.2.2 Composition

The Audit Committee consists of at least three members appointed for a term not exceeding that of their membership of the Board of Directors, all being non-executive directors and a majority of them being independent directors. The members of the Audit Committee have a collective expertise in the activities of the Company and at least one member is competent in accounting and auditing matters. The Board of Directors ensures that the Audit Committee has sufficient relevant expertise to fulfil its role effectively.

The Chair of the Audit Committee is designated by the Board of Directors but shall not be the Chair of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

4.3 Remuneration and Nomination Committee

4.3.1 Role and responsibilities

In accordance with Article 7:100 BCAC and Article 19, §3 of the Articles of Association, the Board has set up a remuneration and nomination committee (the "**Remuneration and Nomination Committee**"). The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors, the CEO and the other members of the Executive Management Team and shall, in particular:

(i.) With respect to nominations,

- supervision of the principles and requirements (independence requirements, competence and qualifications) that govern the selection and appointment of directors;
- recommendations to the Board of Directors concerning the appointment or reappointment of directors and concerning the appointment or dismissal of the CEO and other members of the

Executive Management; the recommendation of the Remuneration and Nomination Committee for the appointment or the dismissal of the CEO is based on a proposal from the Chair;

- carrying out the procedure concerning the reappointment and succession of the Chair according to a procedure stipulated by the Remuneration and Nomination Committee after consultation of the Chair;
- development of plans for the orderly succession of directors and succession of the members of the Executive Management;
- ensure that appropriate talent development programmes and programmes to promote diversity in leadership are in place.

(ii.) With respect to performance evaluation,

- proposals regarding the performance targets for the CEO and all other members of the Executive Management;
- annual assessment of performance of the Executive Management;
- evaluation of each director's attendance at the Board of Directors and committee meetings and his/her commitment and constructive involvement in discussions and decision-making at the end of the Director's term.

(iii.) With respect to the remuneration,

- advising the Board of Directors concerning the way in which the achievement of the Company's strategic objectives may be promoted by adopting an appropriate remuneration program;
- supervision and advise on the development of the remuneration, allocation of variable pay, awarding of shares and additional benefits for the Executive Management;
- advising on the remuneration policy for the non-executive directors and the Executive Management;
- preparing the remuneration report and presenting it to the General Meeting;
- supervision of the processes that governs the appointment and remuneration of directors and Executive Management;
- advising with regard to the individual remuneration of the directors and the Executive Management;
- investigation of the most important characteristics of the shares programmes (if any) for the Executive Management and other staff proposed by the CEO.

The Remuneration and Nomination Committee meets at least twice a year. Other meetings, if required, are convened by the Chair. Any member of the Remuneration and Nomination Committee or the CEO can request the Chair to convene a meeting of the Remuneration and Nomination Committee.

A director may not attend that part of the meeting of the Remuneration and Nomination Committee at which his/her appointment, re-appointment or removal is discussed, or be involved in any advice on those matters.

4.3.2 Composition

The Remuneration and Nomination Committee consists of at least three members, all being non-executive directors and a majority of them being independent directors, and has the necessary expertise in the field of remuneration policy. The Chair of the Remuneration and Nomination Committee is designated by the Board of Directors and shall be either the Chair of the Board of Directors or another non-executive director.

4.4 Functioning of the Board committees

4.4.1 Meetings

Meetings may be called with appropriate notice at any time when a recommendation is to be made to the Board that falls within the competence of the committee.

Meetings are held at the place and on the day and time indicated in the convening notice. In principle, the meetings are held at the registered office of the Company.

Committee members are expected to attend meetings regularly and in person, and to devote the necessary time to fulfil their responsibilities. If and when required, members can attend a meeting by phone conference or other means of communication.

The Chair of the committee prepares, chairs and leads the committee meetings and ensures that they are conducted efficiently and in accordance with the Articles of Association and the Corporate Governance Charter. The Chair ensures that written materials are distributed well in advance to allow recipients enough time to review them. The Chair ensures that all members of the committee receive the same information.

In order to gain the right insights and relevant information, (members of) the Executive Management or any other relevant person can be invited to join meetings of the committees.

The Company Secretary assists in the organisation of the committee meetings. He/she acts as secretary of the committees and prepares the report and minutes on the findings and recommendations of the meeting.

4.4.2 Convening notices

Committee meetings are convened by the Chair of the committee.

Convening notices are made in writing (letter, courier, fax) or through any other means of communication that leaves a trace (e.g., e-mail) at least seven calendar days prior to the meeting, save in case of urgency warranting a shorter notice period (whereby such urgency must be justified in the convening notice).

Members may waive the benefit of the convening notices. In any event, members who are present or represented at a meeting are considered to have been validly convened for the meeting and to have waived the convening requirement.

The convening notices contain the agenda of the meeting in sufficient detail. In principle, available (draft) documents that are placed on the agenda and accompanying documents and advice will be sent to the members simultaneously with the convening notice.

The convening notices must contain a complete committee file.

4.4.3 Quorum

For a committee meeting to be valid, at least half of the members must be physically present.

4.4.4 Majority requirement

All recommendations of the committee are adopted by a majority of the votes cast.

4.4.5 Minutes

Minutes are taken at every committee meeting. They contain a summary of the deliberations, specify the decisions that are adopted (i.e. the recommendations to the Board) and mention any abstention or reservation of any committee member.

After each committee meeting, the Board shall receive a report from the committee on its findings and recommendations.

5. CEO and Executive Management Team

5.1 CEO

The CEO is appointed and removed by the Board of Directors.

The CEO is vested with the day-to-day management of the Company and the execution of the resolutions of the Board. In addition, he/she exercises the special and limited powers assigned to him/her by the Board. Within that framework, he/she has direct operational responsibility for the Company.

Within the limits of the powers granted to him/her by or pursuant to the Articles of Association, the CEO may delegate special and limited powers to any persons within the Company. He/she may allow sub-delegation of these powers. The CEO informs the Board of the powers which are delegated by him/her.

The CEO leads the Executive Management Team, which reports to him/her, within the framework established by the Board of Directors and under its ultimate supervision.

5.2 Executive Management Team

The operational management of the Company is provided by the Executive Management Team under the leadership of the CEO and in accordance with the general policy orientations of the Company determined by the Board of Directors and under its ultimate supervision. The Executive Management Team exercises the duties assigned to it by the Board.

5.2.1 Meetings of the Executive Management

The Executive Management meets regularly in accordance with a calendar prepared each year by the CEO. Additional meetings may be called by the CEO.

The meetings of the Executive Management are held, either physically at the location mentioned in the convening notice, or at distance by means of teleconference or videoconference using telecommunication

techniques that allow the members to hear each other simultaneously and to discuss with each other.

The decisions of the Executive Management are taken with a simple majority of the votes cast and the abstentions and blank votes are not taken into consideration. In case of equal votes, the vote of the CEO is decisive. Each member shall loyally execute the resolutions validly passed by the Executive management.

Minutes are taken at every meeting, timely posted and shared via the internal website or server location thereby ensuring their confidentiality.

5.2.2 Role and responsibilities of the Executive Management

The members of the Executive Management:

- are entrusted with the daily operations of the Company;
- implement and monitor the strategy approved by the Board of Directors;
- develop, implement and monitor short and long term forecasts;
- put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other metrics) without prejudice to the Board's monitoring role, based on the framework approved by the Board of Directors;
- present to the Board of Directors a complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with the applicable accounting standards and policies of the Company;
- prepare the Company's required disclosure of the financial statements and other material financial and non-financial information;
- present the Board of Directors with a balanced and understandable assessment of the Company's financial situation;
- provide the Board of Directors in due time with all information necessary for the Board of Directors to carry out its duties;
- are responsible and accountable to the Board of Directors for the discharge of their responsibilities.

5.2.3 Members of the Executive Management serve with integrity

The members of the Executive Management maintain the highest standards of integrity and honesty. They are actively involved in their tasks and are able to make a well-founded, objective and independent judgement in the exercise of their responsibilities.

The members of the Executive Management may only use the information available to them in their capacity as member of the Executive Management within the framework of their mandate. They must treat the confidential information they have received in this capacity with care and may not under any circumstances disseminate it. The members of the Executive Management shall transmit to the Board of Directors all information at their disposal, which may be relevant to the decision-making within the Company. In case of sensitive or confidential information, the member of the Executive Management concerned shall consult the CEO.

When Executive Management makes a decision, members do not pursue their personal interests. They

shall not use business opportunities intended for the Company for their own benefit.

5.2.4 Appointment, composition and term in office

The Board of Directors appoints the members of the Executive Management upon recommendation of the Remuneration and Nomination Committee. In principle, the members of the Executive Management are appointed for an indefinite term. The Board of Directors sees to the fact that the various business and functional units of the Group are properly represented within the Executive Management.

The Executive Management Team is composed of the CEO, who chairs the Executive Management Team and the CFO, CTO, COO and the site managers of X-FAB France, X-FAB Sarawak, X-FAB Texas and X-FAB Dresden. Other members of the Executive Management Team are appointed and removed by the Board of Directors after having received the advice of the CEO and the Remuneration and Nomination Committee.

There is a succession plan in place for the members of the Executive Management, which is periodically reviewed by the Board of Directors.

5.3 Interaction with the Board of Directors

The interaction between the Board of Directors and the Executive Management is done in a transparent manner. The Chair of the Board is always kept up to date.

The Board of Directors provides the Executive Management with sufficient flexibility to implement the Company's strategy and is open for proposals in this regard.

The CEO reports regularly to the Board.

The key decisions that are taken by the Executive Management are reported to the Board of Directors together with the proposals from the Executive Management for decisions to be taken by the Board. Next to that, procedures are in place in regard to the evaluation of the CEO and other members of the Executive Management.

5.4 Transactions and agreements between the Company and the executive management

The CEO and members of the Executive Management Team are not permitted to enter, either directly or indirectly, into agreements with the Company or any of its subsidiaries for the provision of paid services or goods, unless explicitly authorised by the Board of Directors. Such agreements must always be at arm's length.

Executive Managers should not directly nor indirectly compete or cause third parties to compete with the Company. Neither should they take personal advantage of any opportunity open or offered to the Company without informing the Executive Management.

Members of the Executive Management shall exclusively invest in the exercise of their daily professional activities within the Company and its subsidiaries. Each directorship in a subsidiary of the Company should first be approved by the Board of Directors. Directorships or other functions in any organization that does not belong to the group, should first be approved by the Chair.

6. Conflict of interest

The directors and members of the Executive Management should arrange their personal and business affairs in such a way as to avoid conflicts of interest with the Company.

The Directors and members of the Executive Management place the interests of the Company before their own interests and represent the interests of all shareholders on an equal basis. They are aware of the fact that conflicts of interest may arise at all levels of the Company.

The directors and members of the Executive Management must not pursue their personal interests and must not use business opportunities intended for the Company for their own benefit.

All directors and members of the Executive Management are expected to avoid acts, opinions or interests in conflict with or that may create the impression of being in conflict with the interests of the Company.

When confronted with a possible conflict of interests, directors and members of the Executive Management must inform the Chair of the Board of Directors or the CEO thereof as soon as possible. Directors must abstain from any discussion or decision of the Board of Directors that involves their personal, business or professional interests, in accordance with the applicable provisions of company law.

A director is not considered to have a conflict of interest within the meaning of this section merely on the basis of a mandate as director or any other function held by him/her with one of the shareholders of the Company or a company affiliated with a shareholder of the Company.

7. Remuneration of directors and members of the Executive Management Team

The Board of Directors upon the advice of the Remuneration and Nomination Committee adopts a remuneration policy that it submits to the General Meeting in accordance with the provisions of the BCAC.

The remuneration policy is publicly available on the website of X-FAB: <https://www.xfab.com/investors#c1009>.

8. Senior Management

The CEO may appoint certain senior officers that will assist him and the Executive Management Team with the practical implementation of the day-to-day management (the "**Senior Management**" and each a "**Senior Manager**").

9. Shareholders' Meetings

9.1 General

Each year, the ordinary meeting of shareholders is held on the last Thursday of April at 2 pm, at the

registered office or at any other place designated by the convening notice. If such day is a legal public holiday in Belgium, the meeting shall take place at the same hour on the following working day.

The other shareholders' meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than the registered office.

9.2 Notices convening the Shareholders' Meeting

The annual, special and extraordinary Shareholders' Meetings may be convened by the Board of Directors or by the statutory auditor and must be convened at the request of shareholders representing 10% of the Company's share capital.

Holders of registered shares must receive written notice of the Shareholders' Meeting by regular mail at least 30 days prior to the meeting, unless they have individually agreed in writing to receive notice through other means of communication.

The Company must also publish a notice of the meeting in the Belgian State Gazette (*"Belgisch Staatsblad"/"Moniteur belge"*), in a newspaper with national distribution and in media that can be reasonably considered having effective distribution with the public in the European Economic Area and that is swiftly accessible, and in a non-discriminatory manner. The notices are published at least 30 days prior to the meeting. If the meeting needs to be convened anew for lack of quorum and the date of the second meeting was mentioned in the first notice, then, in the absence of new agenda items, notices are published at least 17 days in advance of that second meeting.

9.3 Formalities to attend the Shareholders' Meeting

A shareholder wishing to attend and participate in the Shareholders' Meeting must:

- have the ownership of its shares recorded in its name, as at midnight Central European Time, on the fourteenth calendar day preceding the date of the meeting (the "record date") either through registration in the shareholders' register in the case of registered shares or through book-entry in the accounts of an authorised account holder or clearing institution in the case of dematerialised shares; and
- notify the Company (or the person designated by the Company) by returning a signed original paper form or, if permitted by the Company in the notice convening the Shareholders' Meeting, by sending a form electronically (in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the sixth calendar day preceding the day of the meeting, of its intention to participate in the meeting, indicating the number of shares in respect of which they intend to do so. In addition, the holders of dematerialised shares must, at the latest on the same day, provide the Company (or the person designated by the Company), or arrange for the Company (or the person designated by the Company) to be provided with an original certificate issued by an authorised account holder or a clearing institution certifying the number of shares owned on the record date by the relevant shareholder and for which it has notified its intention to participate in the meeting.

Holders of profit-sharing certificates, non-voting shares, bonds, subscription rights or other securities issued by the Company, as well as holders of certificates issued with the cooperation of the Company and representing securities issued by the latter, may participate in the Shareholders' Meeting insofar as the

law or the Articles of Association entitle them to do so and, as the case may be, give them the right to participate in voting. If they propose to participate, such holders are subject to the same formalities concerning admission and access, and forms and filing of proxies, as those imposed on shareholders.

9.4 Voting by proxy

Any shareholder with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him/her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law), through a form to be made available by the Company. The signed original paper or electronic form must be received by the Company at the latest on the sixth calendar day preceding the meeting. Any appointment of a proxy holder must comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

9.5 Remote attendance

When such possibility is provided for in the convening notice and subject to the conditions and formalities included therein, shareholders that comply with the conditions set out in Article 9.3 may participate to the shareholders' meeting by means of telecommunication. The convening notice describes the resources used by the Company to identify the shareholders which participate in the meeting by means of telecommunication.

9.6 Remote voting in relation to the Shareholders' Meeting

The convening notice may allow shareholders to vote remotely in relation to the Shareholders' Meeting, by sending a paper form or, if specifically allowed in the convening notice, by sending a form electronically (in which case the form must be signed by means of an electronic signature in accordance with applicable Belgian law). These forms are to be made available by the Company. The original signed paper form must be received by the Company at the latest on the sixth calendar day preceding the date of the meeting. Voting through the signed electronic form may occur until the last calendar day before the meeting.

The Company may also organise a remote vote in relation to the Shareholders' Meeting through other electronic communication methods, such as through one or several websites. The Company must specify the practical terms of any such remote vote in the convening notice.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

9.7 Right to request items to be added to the agenda and ask questions

One or more shareholders that hold together at least 10% of the Company's share capital may, in accordance with applicable provisions of the SE Regulation and the Companies Code, request for items to be added to the agenda and may submit resolution proposals with regard to existing agenda items or new items to be added to the agenda provided that they prove holding of such shareholding as at the

date of their request by, as far as registered shares are concerned, a certificate evidencing the registration of the shares in the register of shares of the Company or, as far as dematerialised shares are concerned, by a certificate issued by an authorised account holder or a clearing organisation certifying the book-entry of the shares in one or several accounts held by such account holder or clearing organisation.

Such right shall not be available in relation to a second extraordinary shareholders' meeting that is convened for lack of a quorum at the first extraordinary shareholders' meeting.

The new agenda items and/or resolution proposals must be sent to the Board of Directors in signed original paper form or electronically (in which case the form shall be signed by

means of an electronic signature in accordance with applicable Belgian law), at the latest 48 hours after acknowledgment of the convocation by receipt of the registered letter or through the publication in the media. The Company shall publish a revised agenda at the latest on the eighth calendar day preceding the date of the meeting.

The handling of such new agenda items and/or resolution proposals during the meeting is subject to the relevant shareholder(s) having satisfied, with respect to shares representing at least 10% of the capital, the conditions set forth in Article 8.3.

9.8 Questions

The Chair of the Shareholders' Meeting will lead the meeting in such a manner that there will be sufficient time to answer questions that shareholders may have relating to the Annual Report, special reports and/or the items on the agenda.

9.9 Quorum and majorities

In general, there is no attendance quorum requirement for a general Shareholders' Meeting, except as provided for by law in relation to certain decisions. Except as otherwise required by the Companies Code, all resolutions of the Shareholders' Meeting including those relating to the amendment of the Articles of Association shall be adopted by a majority of the votes cast.

Matters involving special legal quorum and majority requirements include, among others, issues of new shares, convertible bonds or warrants and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and a majority of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum will apply. The special majority requirements, however, remain applicable.

9.10 Minutes

The minutes of the Shareholders' Meeting are signed by the members of the bureau and by the shareholders who wish to do so. These minutes, drafted in accordance with the Companies Code, are recorded or kept in a special register.

The copies or extracts destined for third parties are signed by the Chair of the Board of Directors, by the Chief Executive Officer, by two directors, or by the secretary of the meeting, usually the Company Secretary.

9.11 Adjournment

Irrespective of the items on the agenda, the Board of Directors may, during the Annual Shareholder's meeting, adjourn the decision with respect to the approval of the Annual Accounts or any other decision. It can use the right at any time, but only after the opening of the meeting. Its decision, which does not have to be justified, must be notified to the Shareholders' Meeting before the end of the meeting, and mentioned in the minutes. Save a decision by the Shareholders' Meeting to the contrary, such adjournment shall not cancel the other decisions taken during the meeting. The Shareholders' Meeting shall be held again within five weeks and with the same agenda. Shareholders wishing to participate in such meeting shall fulfil the admission conditions set out in Article 8.3. To this effect, a record date shall be set on the fourteenth calendar day at midnight Central European Time preceding the date of the second meeting.

10. Statutory auditor

The financial position, annual accounts and compliance with the law and the articles or transactions required to be disclosed in the annual accounts shall be audited by one or more statutory auditors, who may be natural or legal persons, appointed by the Shareholders' Meeting.

The statutory auditor(s) shall hold office for renewable periods of three (3) years.

The appointment of retiring auditor(s) which have not been re-appointed shall terminate immediately after the closing of the annual Shareholders' Meeting.

The statutory auditor(s) shall be remunerated by a fixed fee determined by the Shareholders' Meeting at the beginning of his/her/its (their) mandate and which may be changed only by agreement between the parties.

11. Compliance Officer

A Compliance Officer is appointed by the Board of Directors to ensure that, on the basis of information communicated to him/her, the laws and regulations within the framework of Corporate Governance are complied with, including the internal regulations and policies, the Insider Trading Policy and the Corporate Governance Charter of the Company.

12. Dealing and disclosure code

The Company has established an Insider Trading Policy in order to comply with the rules on market abuse. The X-FAB Insider Trading Policy is publicly available on the website of X-FAB: <https://www.xfab.com/investors#c1009>.

13. Review of the Corporate Governance Code

The Board of Directors of the Company will review the Corporate Governance Charter at regular intervals and adopt any changes deemed necessary and appropriate.

The Company is committed to high standards of corporate governance and relies on the Code 2020 as a reference code. The Code 2020 is based on a “comply or explain” approach. Listed companies should follow the code, but may deviate from those of its provisions which are not otherwise contained in the Companies Code, provided that they disclose the justification for any such deviation in the annual corporate governance statement included in the annual report.

The Board of Directors intends to comply with the Code 2020 except in respect of the following and subject to change:

- The Company does not grant shares, options or other rights to acquire shares to its members of the Executive Management. Contrary to recommendation 7.9 of the Code 2020, the members of the Executive Management are thus not required to hold a minimum threshold of shares in the Company. Important to note is however that the CEO is an important shareholder of the Company. The Board of Directors believes that the stock price of a company does not always reflect correctly the performance of that company since there are many external factors also influencing the price of a financial instrument. The financial numbers which impact the level of the business component of the variable remuneration, i.e. the EBIT target, are a more important element driving the valuation of the Company. As such, the Directors believe there is a clear alignment between shareholders on the one hand and management on the other.
- The Directors do not receive shares in the Company as part of their remuneration. The latter deviates from recommendation 7.6 of the Code 2020 for non-executive Directors. The purpose of the recommendation is to better align the interests of non-executive directors with regard to the long-term shareholder interest. At X-FAB, that long-term shareholder perspective is sufficiently represented on the Board of Directors since the CEO as well as one director are important (indirect) shareholders of the Company.