1. Introduction

This remuneration policy sets out the principles of the remuneration of the Directors and the Executive Management of Melexis NV (the **Company**). The Company has drawn up this remuneration policy and will apply it in accordance with the provisions of the Belgian Company and Association Code (**BCAC**), the Second Shareholders rights Directive (**SRD II**) as implemented into the BCAC, and the Belgian Corporate Governance Code 2020 (**Code 2020**).

2. Procedure to develop the remuneration policy and determine individual remuneration

2.1 Remuneration policy

The Board of Directors determined this remuneration policy upon recommendation of the Nomination and Remuneration Committee. It will submit the policy to the annual General Meeting in 2025. If approved, this policy will apply to the remuneration of Directors and Executive Management from the financial year 2025 onwards.

This remuneration policy is intended to be applied for several years. The policy shall, however, be analysed on an annual basis by the Nomination and Remuneration Committee in close cooperation with the People & Culture department, thereby taking into account the market practices, stakeholder and shareholder feedback and strategic priorities and performance expectations set out by the Board of Directors. The remuneration packages are granted with the purpose to attract and to retain the best team and management talent in each part of the world where Melexis is present.

The Nomination and Remuneration Committee advises the Board of Directors concerning the way in which the achievement of the Company's strategic objectives may be promoted. Any material amendment to this policy will be subject to approval of the shareholders' meeting. Should a significant number of votes be cast against the remuneration policy, the Board of Directors will take the necessary steps to take into account the concerns of the votes against. Even without material amendments, this policy shall be submitted at least every four years to the vote by the General Meeting.

2.2 Individual remuneration

The Board of Directors determines, upon recommendation by the Nomination and Remuneration Committee, the individual remuneration of the Executive Management in accordance with this remuneration policy.

The Nomination and Remuneration Committee evaluates the performance of the CEO and discusses with the CEO the performance of the other members of the Executive Management based on the guidelines of this remuneration policy.

Every year the Board of Directors, upon advice of the Nomination and Remuneration Committee, determines the objectives the CEO and other members of the Executive Management must reach in the coming year in view of the performance criteria in this remuneration policy.

The Nomination and Remuneration Committee will supervise and advise on the development of the remuneration, allocation of variable pay, long term incentive schemes and additional benefits for the Executive Management.

2.3 General remuneration framework in the Melexis Group

This remuneration policy for Directors and members of the Executive Management is embedded in the general remuneration framework of the Melexis Group. Principles of this policy are reflective of our entrepreneurial spirit, mission, strategy and values.

To establish this remuneration policy, the Company uses a similar methodology as for its employees to ensure that total remuneration within Melexis enables the Company to attract, retain and motivate its talent.

To remain a competitive and attractive employer, individual remuneration elements and total remuneration in general are benchmarked to the high-tech industry using the latest internationally renowned market data.

2.4 Conflicts of interest

In accordance with the Corporate Governance Charter of Melexis, the Directors and members of the Executive Management place the interests of the Company ahead of 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 Melexis Group.

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.

The members of the Executive Management do not participate in meetings where their remuneration is determined.

3. Remuneration of Directors

Only the independent and/or non-executive Directors receive a remuneration for their mandate as director. Such remuneration consists of a fixed annual amount subject to the approval of the shareholders' meeting.

The other Directors are not remunerated for their mandate and do not receive any fringe benefits. Executive Directors may receive remuneration dependent on their executive roles and responsibilities within the Company. No distinction is made between the different roles a Director may take up. Such remuneration must be compliant with the policy set out under paragraph 4.

All Directors are entitled to reimbursement of their reasonable costs, subject to the submission of suitable justification. To incentivize non-European Directors for attending meetings physically, they are entitled a fixed additional attendance incentive for each individual intercontinental travel (on top of the reimbursement of their expenses).

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 Melexis, that long-term shareholder perspective is sufficiently represented on the Board of Directors since 2 directors, one of whom is Chairperson, are important (indirect) shareholders of the Company.

4. Remuneration of the Executive Management

The remuneration of the Executive Management combines three integrated elements: (i) fixed base remuneration, (ii) variable remuneration and (iii) other benefits.

4.1 Fixed base remuneration

The base remuneration of the Executive Management is negotiated with the relevant individuals before starting their mandate and are set in their individual agreements with the Melexis Group.

When negotiating any changes in fixed base remuneration, the latest available benchmarking data is used and upon the advice of the Nomination and Remuneration Committee, the Board of Directors determines the fixed base remuneration levels for each Member of the Executive Management. Timing of such review is at full discretion of the Board of Directors.

4.2 Variable Remuneration

The variable remuneration of the Executive Management is offered in a form of a cash bonus system expressed as a percentage of the fixed base remuneration of the individual. Variable remuneration is dependent on the Company's performance and the team performance measured through the achievement of pre-established targets that translate the Company's strategic priorities, including Environmental, Social and Governance (ESG).

The Company's performance criteria are dependent on Revenue & EBIT growth targets and are measured on a Melexis Group consolidated basis in accordance with International Financial Reporting Standards (IFRS). Team performance criteria include ESG performance criteria, measured on a Melexis Group consolidated basis in accordance with European Sustainability Reporting Standards (ESRS). Team performance criteria are pre-established by the Nomination and Remuneration Committee and approved by the Board on an annual basis considering Melexis' strategic and operational priorities.

There will be a 2 year phase-in period for ESG progress as the progress will be measured versus the baseline in accordance with the ESG performance criteria established by the Nomination and Remuneration Committee and approved by the Board as of 2025. ESG progress payout will thus be considered for the medium-term performance applicable for the period ending on 31 December 2026 vs reference year and paid out in 2027. For the long-term, the ESG progress payout will be considered for the period ending on 31 December 2027 vs reference year and paid out in 2028. Until then only the Revenue & EBIT growth performance criteria shall apply.

To protect commercial sensitivity and maintain strategic flexibility amidst dynamic market conditions, specific forward-looking performance targets and weightings are not disclosed in this policy. Realized performance against these metrics, with detailed explanations, will be disclosed retrospectively in the respective remuneration reports, ensuring transparency and alignment with this policy and expectations of our stakeholders.

4.2.1. CEO

The variable remuneration target for the CEO is 100% of the fixed base remuneration, that, in the case of outperformance on all performance metrics and elements, is capped at 150% of the target;

The total variable remuneration package consists of three elements:

(i) Short-term - 50 % is based on performance criteria measured over one financial year;
(ii) Mid-term - 25% is based on performance criteria measured over two financial years;
(iii) Long-term - 25% is based on performance criteria measured over three financial years.

Each element of the variable remuneration package has its own pre-established performance criteria and those are measured, reported and rewarded separately.

Performance period	Weight in total payout	X-3	X-2	X-1	Performance criteria *(Year X)*	X+1
Short	50%			*Reference year*	Revenue & EBIT growth 60% Team 40%	Payout year
Medium	25%		*Reference year*		Revenue & EBIT growth 80% ESG progress 20%	Payout year
Long	25%	*Reference year*			Revenue & EBIT growth 80% ESG progress 20%	Payout year

After the establishment of the annual accounts by the Board of Directors, the Nomination and Remuneration Committee evaluates and assesses the achievement of the performance targets for the short, medium and/or long-term cash bonus and determines the amount to be paid out.

The cash bonus of the CEO is to be considered as variable remuneration as defined in the BCAC.

4.2.2. Other members of the Executive Management

The variable remuneration target for other members of the Executive Management is 80% of the fixed base remuneration, that, in the case of outperformance on all performance metrics and elements, is capped at 150% of the target (which equals 120% of the fixed base remuneration).

Similar to CEO, the total variable remuneration package consists of three elements:

(i) Short-term - 50 % is based on performance criteria measured over one financial year;
(ii) Mid-term - 25% is based on performance criteria measured over two financial years;
(iii) Long-term - 25% is based on performance criteria measured over three financial years.

Each element of the variable remuneration package has its own pre-established performance metrics and those are measured, reported and rewarded separately. Performance criteria of the Executive Management variable remuneration are the same as for the CEO.

Performance period	Weight in total payout	X-3	X-2	X-1	Performance criteria *(Year X)*	X+1
Short	50%			*Reference year*	Revenue & EBIT growth 60% Team 40%	Payout year
Medium	25%		*Reference year*		Revenue & EBIT growth 80% ESG progress 20%	Payout year
Long	25%	*Reference year*			Revenue & EBIT growth 80% ESG progress 20%	Payout year

After the establishment of the annual accounts by the Board of Directors, the Nomination and Remuneration Committee evaluates and assesses the achievement of the performance targets for the short, medium and/or long-term cash bonus and determines the amount to be paid out.

The cash bonus of the Executive Management is to be considered as variable remuneration as defined in the BCAC.

4.2.3. Long-term incentives in shares

Melexis 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 not required to hold a minimum threshold of shares in the Company. Melexis strongly believes in the Self-Determination Theory (Edward L. Deci and Richard M. Ryan, psychologists at the University of Rochester) arguing that contingent (share based) rewards can have detrimental effects on intrinsic motivation, creativity and innovation. Within Melexis we focus on intrinsic value creation for the Company; the share price follows as a result thereof. The financial numbers which impact the level of the business component of the variable remuneration, i.e. revenue growth and EBIT growth, are important elements driving the valuation of the Company. As such, we believe there is a clear alignment between shareholders on the one hand and management and the Melexis community on the other.

4.3 Other benefits

Some Members of the Executive Management have an employment contract and benefit from contributions by the Melexis Group to a pension scheme. For Members of the Executive Management who represent their own management company, such other benefits are taken into account when determining their fee.

The other benefits concern only a smaller part of the total remuneration of the Executive Management. They can comprise extra-legal arrangements through a group insurance that is in effect in Executive Managers' respective home countries i.e. life insurance, disability and medical insurance, etc. All these group insurance elements are in line with home country market practices and only represent a minor portion of their remuneration.

The CEO does not benefit from contributions in a pension scheme, nor does he/she have any extra-legal arrangements through an individual/group insurance paid for by the company or receive any other fringe benefits.

5. Contractual terms & conditions

The members of the Executive Management have entered into a formal contract, either a management contract or employment contract with the Company.

5.1 Duration

The contracts for the members of the Executive Management are concluded for an undefined term.

5.2 Severance provisions

In case of a management contract, the severance payment provided is set at three months remuneration (average monthly base salary calculated over the 12 months preceding the termination). An exception is foreseen in each individual agreement in case a contract would be terminated due to a change of control in Melexis. In such a case, the severance payment shall be up to 12 months remuneration (average monthly base salary calculated over the 12 months preceding the termination). Severance payments for Members of the Executive Management working under an employment contract are determined by the applicable legislation.

5.3 Claw-back and malus provisions

In the event that any variable remuneration would be paid based on incorrect financial or non-financial data, such miscalculation would be compensated with the correction of future remuneration.

6. Deviations

The Company may temporarily deviate from this remuneration policy, provided that:

(i) the deviation is justified by exceptional circumstances, in which such a deviation is necessary to serve the long-term interests and sustainability of the Company as a whole or to guarantee its viability; and

(ii) the deviation is permitted by the Board of Directors on the basis of reasoned advice from the Nomination and Remuneration Committee.

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