

## **VEECO INSTRUMENTS INC.**

### **CHARTER OF THE AUDIT COMMITTEE**

#### **PURPOSE**

The Audit Committee of Veeco Instruments Inc. (the "Company") shall assist the Company's Board of Directors with the Board's oversight of the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. Specifically, the Committee shall assist the Board in monitoring:

- the integrity of the Company's financial statements;
- the effectiveness of the Company's internal controls over financial reporting and disclosure;
- the independent auditor's qualifications, independence and performance; and
- the performance of the Company's internal audit function and internal auditors.

In so doing, the Committee shall endeavor to maintain free and open communication among the directors, the independent auditors and the financial management of the Company.

#### **COMPOSITION**

The Committee members and its Chair shall be appointed annually by the Board. The Committee shall consist of three or more members of the Board, each of whom shall meet all of the qualifications required for Audit Committee members by applicable Securities and Exchange Commission and Nasdaq rules in effect from time to time (the "SEC and Nasdaq rules"), including independence and financial literacy within the meaning of those rules. At least one member of the Committee shall be an "audit committee financial expert" within the meaning of the SEC and Nasdaq rules.

The Board may elect to take advantage of any exception from such requirements provided by Nasdaq rules that it deems appropriate under the circumstances. "Financial literacy" and "audit committee financial expert" shall be determined by the Board in the exercise of its business judgment.

#### **MEETINGS**

The Committee shall meet at least quarterly. It shall have executive sessions with the internal auditor and separately with the independent auditors, from time to time, and shall have executive sessions with management as it deems appropriate. The Committee shall report on a regular basis to the Board and shall make such recommendations to the Board as it deems appropriate. A majority of the members present shall constitute a quorum. A majority of the members present shall decide any matter brought before the Committee. The Committee shall maintain minutes or other records of Committee meetings and activities.

## AUTHORITY

The Committee shall have the authority to:

- conduct or authorize investigations into any matters within the Committee's scope of responsibilities;
- seek any information it requires from Company employees and advisors, all of whom are directed to cooperate with the Committee's requests;
- engage independent legal, accounting and other advisors, as it determines necessary or appropriate to carry out its duties; and
- compensate the foregoing advisors and arrange for its administrative expenses without obtaining the further approval of the Board or approval of the management of the Company.

## RESPONSIBILITIES

Management is responsible for maintaining the Company's books of account and preparing the financial statements based thereon, and the independent auditor is responsible for auditing the Company's annual financial statements and reviewing the Company's interim financial statements. The independent auditor is ultimately accountable to the Committee.

This Charter sets forth the responsibilities of the Committee as a guide and should remain adaptable to changing conditions and circumstances.

### 1. Independent Auditor

- (a) *Authority with Respect to Independent Auditor* - As a committee of the Board, the Committee is directly responsible for the appointment, compensation, oversight, evaluation and, where appropriate, replacement of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work. In this capacity, the Committee shall have sole authority to recommend the appointment or removal of the independent auditor, and shall have the ultimate authority to approve all audit engagement fees and terms.
- (b) *Audit Plan* - The Committee shall review the independent auditor's annual audit plan, including the scope, procedures and staffing of the audit and the quarterly reviews.
- (c) *Review of Audit Issues* - The Committee shall review with the independent auditor and, as appropriate under the circumstances, the internal auditor and management:
  - any significant changes required in the independent auditor's audit plan;
  - any difficulties or disputes with management encountered during the course of the audit;

- any alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor; and
- any concerns regarding potentially illegal actions raised by the independent auditor pursuant to Section 10A(b) of the Securities and Exchange Act of 1934, as amended (the "Act"), and obtain assurance from the independent auditor that the audit was conducted in a manner consistent with Section 10A of the Act.

The Committee shall resolve any disagreements between management and the independent auditor regarding financial reporting.

- (d) *Competence of Independent Auditor* - Once each year (and otherwise as the Chair may consider appropriate) the Committee shall obtain and review a written report by the independent auditor describing:
- the independent auditor's internal quality-control procedures; and
  - any issues regarding the independent auditor's quality-control or its independent audits identified since its last report by any internal review, peer review, or investigation (within the preceding five years) by the Public Company Accounting Oversight Board or any other governmental or professional authorities and any steps taken to deal with any such issues.
- (e) *Independence* - The Committee shall satisfy itself as to the independence of the independent auditor, including a review of the services provided by the independent auditor and related fees. As part of this process:
- The Committee shall require the independent auditor to report periodically in writing on all its relationships with the Company and its management, and any relationships that may interfere with the exercise of its independence from management, as well as the firm's compliance with all independence requirements under applicable professional standards and SEC and Nasdaq rules. The Committee shall discuss any potential independence issues raised in the report with the Board and recommend any actions that it deems appropriate to maintain adequate auditor independence.
  - The Committee shall pre-approve any audit and non-audit services provided by the independent auditor and shall consider whether these services are compatible with the independent auditor's independence. The Committee may delegate to one or more Committee members the authority to grant pre-approvals required by the foregoing sentence. The decisions of any Committee member to whom authority is delegated hereunder shall be presented to the Committee at its next scheduled meeting. The Committee shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation.

- The Committee shall require management to report periodically in writing regarding compliance with the Company's policy prohibiting hiring of members of the independent auditor engagement team for positions with a financial reporting oversight role.
- The Committee shall monitor the rotation of the audit partners of the independent auditor, as required by law.

## 2. Financial and Related Information

- (a) *Annual Financial Statements* - The Committee shall review and discuss with management and the independent auditor, the Company's annual financial statements and the auditor's report thereon, including disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," to be included in the Company's Annual Report on Form 10-K. The Committee shall make a recommendation to the Board whether such financial statements should be included in the Company's Annual Report. The Committee shall also review all certifications required to be made by the Company's Chief Executive Officer and Chief Financial Officer in connection with the Company's Annual Report.
- (b) *Interim Financial Statements* – The Committee shall review and discuss with management and the independent auditor, the Company's interim financial statements before quarterly results are released publicly. The Committee shall also review all certifications required to be made by the Company's Chief Executive Officer and Chief Financial Officer in connection with the Company's Quarterly Reports on Form 10-Q.
- (c) *Accounting Treatment and Other Matters* - At the completion of the annual audit and such other times as the Committee may deem appropriate, the Committee shall review with the independent auditors, management and the internal auditor, as applicable:
- The quality of, and major issues regarding, the Company's accounting principles, financial reporting process and financial statement presentations, including all critical accounting policies and practices used and any significant changes in the Company's selection or application of accounting principles.
  - Any analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
  - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
  - Other matters related to the conduct of the audit and other material written communications between the independent auditor and management which are to be communicated to the Committee under generally accepted auditing standards and applicable SEC and Nasdaq

rules, such as any management letter or schedule of unadjusted differences.

Periodically, as appropriate, the Committee shall review with the independent auditor, the internal auditor, and/or management:

- the adequacy and effectiveness of internal controls over financial reporting and disclosure, including any significant deficiencies in their design or operation;
- any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
- any significant changes in internal controls or other factors that could significantly affect internal controls, including any corrective actions taken with regard to deficiencies and weaknesses.

(d) *Disclosure of Other Financial Information* - The Committee shall discuss with management and, where appropriate, the independent auditor:

- the types of information to be disclosed and the type of presentation to be made in connection with any earnings press release;
- the type of financial information and earnings guidance (if any) which may be provided to analysts and rating agencies; and
- the use of "pro forma" or "adjusted" non-GAAP information in Company disclosure documents.

### 3. Internal Auditor

(a) *Appointment of Internal Auditor* – The Committee shall review the appointment of, performance of, and any replacement of, the Company's senior internal auditing executive.

(b) *Regular Reporting* - The internal auditor shall report regularly to the Committee and the Committee shall have direct communication with the internal auditor to discuss and review specific issues as appropriate.

(c) *Internal Audit Plan and Findings* - The Committee shall review from time to time the internal audit plan and significant findings.

(d) *Independence* - The Committee shall ensure that there are no significant limitations on the internal auditor, and review and concur in the appointment, replacement or dismissal of the internal auditor.

#### 4. Compliance and Other Oversight Responsibilities

- (a) *Whistleblower* - In compliance with SEC and Nasdaq rules, the Committee shall establish procedures for the receipt, retention and treatment of complaints or concerns, including confidential and anonymous submissions received by the Company regarding accounting, internal accounting controls or auditing matters.
- (b) *Risk Management* - The Committee shall consider the Company's major financial risk exposures and other areas of risk it deems relevant to its areas of oversight responsibility, as well as the steps management has taken to monitor and control such exposures. The Committee shall also review the Company's risk assessment and risk management process with respect to those areas of risk.
- (c) *Legal Compliance* - The Committee shall review with the Company's internal legal counsel any legal and regulatory matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations pertaining to financial disclosure, and any correspondence with regulators or governmental agencies that raise material issues regarding the Company's financial statements or accounting policies.
- (d) *Related Party Transactions* - The Committee, or one or more Committee members with delegated authority, shall review and, if appropriate, approve all proposed related party transactions for potential conflicts of interest. "Related party transactions" means those transactions required to be disclosed as such pursuant to applicable SEC and Nasdaq rules. When reviewing a related party transaction, the Committee shall take into consideration all of the relevant facts and circumstances available to it, including (if applicable), but not limited to: (i) the material terms and conditions of the transaction or transactions; (ii) the related party's relationship to the Company; (iii) the related party's interest in the transaction, including their position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction; (iv) the approximate dollar value of the transaction; (v) the availability from other sources of comparable products or services; and (vi) an assessment of whether the transaction is on terms that are comparable to the terms available to the Company from an unrelated third party.
- (e) *Disclosure of Certain Matters* - The Committee shall oversee compliance with the requirements of the SEC and Nasdaq rules for disclosure of the independent auditor's services, the identity of the Committee members and the Committee's activities, and shall provide a report for the Company's proxy statement in accordance with SEC rules.
- (f) *Code of Business Ethics* - The Committee shall review management's monitoring of the CEO's and finance personnel's compliance with the Company's Code of Business Ethics.
- (g) *Financial Asset Management Policies* – The Committee shall review the Company's financial asset management policies, including an annual review of the Company's investment policy.

In addition to the above responsibilities, the Committee shall undertake such other duties as the Board delegates to it.

This Charter shall govern the operations of the Audit Committee. It shall be deemed to be updated to reflect at all times any legislative, regulatory and listing requirements applicable to the Committee. The Committee shall formally review this Charter at least annually and recommend any proposed changes to the Board for approval. In addition, the Committee shall review and assess the performance and effectiveness of the Committee at least annually. Although the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements or disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. Rather, those duties are the responsibility of management and the independent auditor.

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As adopted by the Board of Directors on August 2, 2017.