

# MANAGEMENT BOARD REMUNERATION POLICY 2022 - ONWARDS

## **REMUNERATION STRATEGY AND PRINCIPLES**

The existing remuneration policy was adopted by the Annual General Meeting of Shareholders ('General Meeting') on May 18, 2020. At the 2020 General Meeting, a 95% majority voted in favor of the proposed remuneration policy.

This new remuneration policy for the Members of the Management Board ('Remuneration Policy') is proposed by the Supervisory Board after recommendation of the Nomination Selection and Remuneration Committee ('NSR Committee') in view of the proposed change to the composition of the Management Board and following a periodical review, analysis and evaluation of the existing policy. These proposed changes also consider the feedback received following an extensive consultation of our main stakeholders. The main changes in the Remuneration Policy are:

- extension of the Remuneration Policy for the CTO position; and
- certain further clarifications and updates: disclosure performance indicator for the STI program, possibility to forfeiture pay-out STI and LTI, deleting the current provision to temporarily deviate from the Remuneration Policy in exceptional circumstances and inserting a provision for new appointments.

This Remuneration Policy is presented to be adopted by the General Meeting on May 16, 2022 and if approved, this Remuneration Policy will apply to all compensation elements made after that date and will replace the existing policy. It is intended that this Remuneration Policy will be applicable for four years onwards. Material changes to this policy during this four-year period will be presented to the General Meeting for approval. Prior to the expiry of the four-year period, the Remuneration Policy will again be presented to the General Meeting for approval whereby this Remuneration Policy remains to be operated and applied by the Company until a new policy is approved by the General Meeting.

The purpose of the Remuneration Policy for the members of the Management Board of ASM International N.V. ('ASMI') is to provide compensation that:

- a) Motivates and rewards executives in the Management Board with a balanced and competitive remuneration, in sync with role and responsibilities.
- b) Allows ASMI to globally attract, reward and retain highly qualified executives with the required background, skills and experience to implement the strategy of ASMI in a highly competitive global industry.
- c) Ensures that short-term operational results and long term sustainable value creation are balanced.
- d) Is transparent, fair and reasonable and aligns the interests of ASMI, shareholders and other stakeholders in the medium and long-term to deliver sustainable performance in line with the strategy, purpose and values of ASMI.



ASMI's strategic objective is to realize profitable, sustainable growth by capitalizing on our innovative strength in deposition technologies and our strong relationships with key customers. ASM acts thereby as a responsible corporate citizen.

ASMI endeavors to ensure that this Remuneration Policy aligns with all policies and procedures and complies with both the Dutch Corporate Governance Code and applicable Dutch law.

ASMI aspires to high standards of corporate governance and ethics practices. Sound corporate governance is a key component of ASMI's culture, behavior, management and is consistent with our core values and purpose.

For this purpose, ASMI has defined key policies to ensure the highest standards in both the workplace and in all our business dealings. These policies include our Code of Business Conduct, Global Employment Standards, Whistleblower Policy, Rules concerning Insider Trading, Diversity Policy and Anti-Fraud Policy and are available on our corporate website for further review. ASMI's Global Employment Standards summarize the company's approach to respecting human rights. These standards reflect the principles laid out by the United Nations in the Guiding Principles on Business and Human Rights, and support the Responsible Business Alliance ('RBA') Code of Conduct framework.

ASMI's focus on Corporate Responsibility (CR) is clearly shown in its commitment to and expectations with regard to, health and safety, the environment, labor, ethics, and supply chain management. The Responsible Business Alliance Code of Conduct (the Code), as mentioned, has been adopted by ASMI and many of our customers. It is also our supply chain code of conduct and 100% of our critical and strategic suppliers have committed to the Code.

The Code evolves constantly to cover the most recent developments in responsible business practices, and follows multiple international expectations and standards, including: The OECD Guidelines for Multinational Enterprises; The Universal Declaration of Human Rights; and The ILO International Labor Standards and International Organization for Standardization (ISO).

However, responsibility is more than codes and standards. Responsibility is also about understanding stakeholder priorities, our material aspects, and integrating responsible business practices into our objectives, strategies, and processes. It is about finding new ways to develop, manufacture, and support our products with less risk to people and the environment. ASMI's employees are encouraged to contribute toward realization of our ZERO HARM! vision.

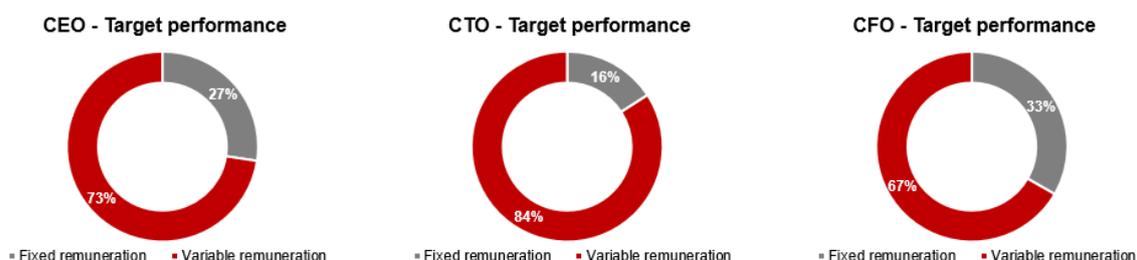
When operating the Remuneration Policy, the Supervisory Board analyses the possible outcomes of the variable remuneration elements and how those may affect the total remuneration of the Management Board. It considers the relative spread between minimum and maximum compensation based on the performance based components. In this respect regular scenario analyses are undertaken whereby the development of the underlying share price of the ASMI shares is considered. This with due regard for the risks to which variable remuneration may expose ASMI.

The variable remuneration shall be linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature and linked to the strategy, the values and the purpose of ASMI. In



determining the actual remuneration of the Management Board, the Supervisory Board assesses the actual performance delivered based on the strategy, considers the application of our values “We care, We innovate, We deliver” and takes into account and considers the impact of the overall remuneration of the Management Board on the pay differentials within ASMI. This includes an annual relative comparison of the Management Board compensation at target and actual outcome, compared to Senior Executives and employee compensation at target and actual outcome (pay ratio). For this purpose, consideration is given to the pay ratio compared to the pay ratios of companies in the Remuneration peer group. When determining the remuneration, the NSR Committee obtains the views of the individual members of the Management Board relating to the level and structure of the remuneration. The perspectives below provide for the relative levels of fixed and variable remuneration of the members of the Management Board at target performance level:

**Total direct remuneration mix - charts**



The views of shareholders as expressed during the General Meeting or in dialogue with the largest stakeholders are considered when operating the Remuneration Policy. Finally, Works Council advice does not apply to ASMI.



## PEER GROUP AND MARKET POSITIONING

The level of remuneration of the members of the Management Board is determined based on a variety of factors, including periodic benchmark assessments provided by external, independent advisors. When determining the remuneration levels of the members of the Management Board, the NSR Committee considers the remuneration arrangements and levels for other employees in the Company (internal pay ratios), the external industry pay ratios and the views within society to ensure that the remuneration of the Management Board remains fair and reasonable.

The level of the respective remuneration components for the members of the Management Board is based on a median market comparison with a group of peer companies that have been selected according to industry (complexity), size, competition and geographical presence ('Remuneration peer group').

In principle, the Supervisory Board will benchmark all elements of the remuneration of each member of the Management Board against the peer-group at least every two years. In setting the various remuneration elements and levels, the Supervisory Board may consider various factors, including industry, product and business knowledge, complexity of the role and responsibilities of the member of the Management Board member, local labor market practices and benchmark data, including potential geographical differences.

The Supervisory Board will conduct regular reviews of the peer group composition and make changes (add or remove companies) where deemed necessary in view of the fast moving business environment. However substantial changes of the Remuneration peer group related to changed criteria to determine the composition will be proposed to the General Meeting. The Remuneration peer group currently consists of the following 21 companies:

Aalberts N.V.	BE Semiconductor N.V.	MKS instruments	Teradyne Inc.
Aixtron SE	Dialog Semiconductor Plc	ON Semiconductor Corp.	Tom Tom N.V.
Amkor Technology Inc.	Entegris, Inc.	Renishaw Plc	Veeco Instruments Inc.
AMS AG	KLA Tencor corporation	Siltronic AG	
Arcadis N.V.	LAM Research Corporation	Soitec SA	
ASML Holding N.V.	Microchip Technology Inc.	Spirent Communications Plc	

## TOTAL DIRECT COMPENSATION

The level and structure of the remuneration of the members of the Management Board are determined based on the Total Direct Compensation ('TDC'). The TDC consists of three elements:

- Base salary (fixed gross annual salary)
- Short Term Cash Incentive (performance based)
- Long Term Share Incentive (performance based)

Each element is described in more detail in this paragraph. Other remuneration elements operated are pension provisions and fringe benefits.



The level and structure of the remuneration of the Members of the Management Board are strongly tied to financial, operational and qualitative results, relevant to the long-term objectives and sustainability of ASMI and therefore predominantly performance based. The levels also refer to a competitive pay market.

The benchmark as mentioned in the peer group and market positioning is conducted every two years for the TDC level of the Management Board and geared to median market levels.

The remuneration of the Members of the Management Board is set and payable in euros, except for Members of the Management Board based in jurisdictions outside of the euro zone for which the remuneration is set and payable in local currency and might either be granted by ASMI in connection with the person being a member of the Management Board, or be granted by an affiliate company of ASMI in connection with the person being employed and/or providing services for such affiliate company.

#### BASE SALARY

The base salary of the members of the Management Board is derived from the outcome of the benchmark analysis. Whilst benchmarking against the peer group is conducted every two years, the Supervisory Board reviews base salary on an annual basis and can, at their discretion, apply an annual increase to the base salary based on market movement as well as adjustments made by the peer group. The base salary level will be yearly disclosed in the Remuneration Report.

#### SHORT TERM CASH INCENTIVE

The performance is measured against performance criteria, both financial and non-financial. Performance criteria are operated and defined by the Supervisory Board and may vary per member of the Management Board.

The CEO will be eligible for an annual, performance based, short-term cash incentive ('bonus') of up to 100% of the base salary in case of on target performance, and up to a maximum of 150% of base salary in case of outperformance.

Other members of the Management Board will be eligible for a bonus up to 80% of base salary for the CTO and 75% of base salary for the CFO in case of target performance, and up to a maximum of 125% in case of outperformance for the CTO and CFO respectively.

If the performance on the financial performance criteria or the non-financial performance criteria does not meet the threshold level (set at 70% of the target level), the related part of the bonus will be zero.

In case the financial performance of ASMI in any year does not warrant a bonus payout, the Supervisory Board will decide by discretion to decrease the bonus payout.

The bonus performance criteria are for 75% related to financial indicators and for 25% to non-financial indicators, for both CEO and other Members of the Management Board.



The financial performance criteria are predetermined prior to the start of the relevant performance year, based on the approved budget, and should be influenceable and assessable. They sustain the long-term strategy of ASMI. The financial indicators (75%) are:

<b>Performance criteria</b>	<b>weight</b>
Sales	1/3 <sup>rd</sup>
EBIT	1/3 <sup>rd</sup>
Free Cash Flow	1/3 <sup>rd</sup>

The Supervisory Board determines the Non-financial indicators (25%) prior to the start of the relevant financial year. The Supervisory Board sets challenging, but realistic target levels that directly impact and contribute to the long-term strategy of ASMI. The performance indicators used and their relative weighting will be disclosed in the Remuneration Report.

In general performance indicators are defined for the term of this policy. Material changes will be explained and proposed to the General Meeting for approval.

After the end of each financial year the achievement of the predetermined performance criteria set for the CEO and the other members of the Management Board are formally evaluated and determined by the NSR Committee. The NSR Committee prepares a proposal and recommendation for determination by the Supervisory Board to that effect.

The actual short-term incentive payout following the attainment of each of the (non) financial performance criteria is annually disclosed in the Remuneration Report.

#### LONG TERM SHARE INCENTIVE

The number of performance shares granted for on target performance will be determined by the Supervisory Board preceding respective date of grant and relate to a Sales Growth compared to market and Average EBIT percentage measured over a three-year performance period and compared to a pre-defined reference plan. In order to define the number of shares to be granted annually a face value approach is applied.

The target level of the LTI is set at 165% of base salary for the CEO and at 450% of base salary for the current CTO -to be competitive in the US market- and at 125% of base salary for the CFO.

The maximum number of shares that will be granted in case of outperformance of the predetermined performance indicators is 150% of the number for on target performance. The number of shares granted will be zero in case none of the targets is met.

#### *Performance period*

Granted shares will become unconditional after a period of three years ('Performance Period') on the award date, based on performance against two predetermined financial indicators and their weighting.



- The first indicator is Sales Growth compared to market, which is measured as the average own Sales Growth during the performance period, compared to the average Market Growth during the performance period (weighting 50%).
- The second is Average EBIT percentage, which is measured as the average EBIT over the performance period as a percentage of the average Sales (weighting 50%).

These predetermined performance criteria are set annually by the Supervisory Board prior to the grant date and may change over time. This only relates to new grants and is not applicable to outstanding grants.

After the end of each Performance Period the achievement of the predetermined performance targets set for the CEO and the other members of the Management Board are formally evaluated and determined by the NSR Committee. The NSR Committee prepares a proposal and recommendation for determination by the Supervisory Board to that effect.

The number of shares awarded on grant date and the number of shares that vested resulting from the attainment of the performance criteria following the Performance Period is yearly disclosed in the Remuneration Report.

#### *Holding period and share ownership*

In order to show commitment to ASMI and align with shareholder interest, the CEO and other members of the Management Board, are required to hold the vested performance shares for two years ('Holding Period') after the vesting date.

In order to guarantee shareholder interests the CEO and other members of the Management Board should hold ASMI shares in value of at least twice the base salary as measured at the start of each financial year. This ownership of shares has to be created during the term of this policy. New members of the Management Board will have a four-year period to comply with this requirement from their date of appointment.

For paying applicable taxes upon vesting of performance shares, the members of the Management Board are allowed to sell sufficient vested performance shares or a net settlement of the vested performance shares may be operated to cover the withholding taxes payable at vesting

#### **PENSION PROVISIONS AND OTHER BENEFITS**

The pension provisions for the CEO and other members of the Management Board consist of an industry wide or local (foreign) pension arrangement and of additional arrangements. The additional arrangement covers pension provisions for pensionable base salary amount in excess of the maximum amount insured under the industry wide arrangement. In general, the premium is funded by ASMI and the employee.

In addition, the CEO and other members of the Management Board are entitled to fringe benefits such as a company car, expense allowance, medical insurance, accident insurance and travel insurance.

The Supervisory Board will disclose yearly the premiums paid for pension and the fringe benefits in the Remuneration Report.



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## MANAGEMENT SERVICE AGREEMENTS

### APPOINTMENT

All members of the Management Board have a written management services agreement. The members of the Management Board are appointed to the Management Board for a four-year period

### TERMINATION OF SERVICE

All management services agreements with members of the Management Board contain specific provisions regarding benefits upon termination of those agreements.

If ASMI gives notice of termination of the agreement for reasons which are not exclusively or mainly found in acts or omissions on the side of the Management Board member or in case of a termination of the agreement of a Management Board member with mutual consent between such Management Board member and the Company, a severance amount equal to one year base salary will be made available upon the effective date of termination. The notice periods are set at six months if the termination of the agreement is initiated by ASMI and at three months if the member of the Management Board terminates the agreement.

For the short term cash incentive members of the Management Board will forfeit payout for the current cycle if not actively providing services on the last day of the performance year. A prorated amount may be paid in the event of the Management Board member's death, disability or retirement or equivalent (as approved by the Supervisory Board). Under the long-term share incentive, the Management Board members will forfeit their award if they are not actively providing services on the date of vesting as a result of: (i) given notice of termination for cause or (ii) voluntary resignation. An at target vesting may occur in the event of the Management Board member's death, disability or retirement or equivalent (as approved by the Supervisory Board).

### CHANGE OF CONTROL OVER THE COMPANY

All members of the Management Board are entitled to a severance amount equal to one year base salary including the Employer's annual pension contribution in the event ASM or its legal successor gives notice of termination due to a change of control or if the Management Board member gives notice of termination, which is directly related to such change of control and such notice is given within twelve months from the date on which the change of control occurs.

Furthermore, the Supervisory Board holds the discretionary power upon the occurrence of a change of control to determine as to whether or not the outstanding long term share incentive grants will be settled or will remain outstanding, subject to the attainment of the underlying predetermined criteria or exchanged into other instruments on a value for value basis.



## CLAW BACK AND ULTIMUM REMEDIUM

In exceptional circumstances the Supervisory Board will have the discretionary authority to recover any amount of paid bonus and awarded shares, if evidence shows payments and awards have been awarded based on incorrect financial or other data (claw back).

If a variable component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined indicators have been or should have been achieved, the Supervisory Board has the authority to adjust the value of bonus and shares downwards or upwards (ultimum remedium).

The NSR Committee annually assesses whether no circumstances have been identified that result in any adjustments or clawback of variable remuneration.

## NEW APPOINTMENTS

The Supervisory Board may decide to grant a sign-on award in cash and/or shares, to compensate for the loss of remuneration that a new incoming Management Board member would face upon transfer, with due observance of the General Meeting's right of approval under section 2:135(5) DCC if the award is granted in shares. A sign-on award in shares will be disclosed prior to appointment and will be subject to appointment as a Management Board member by the General Meeting. Such a sign-on award would be limited to a comparable value to the arrangements forfeited and the rationale and detail of any such award will be disclosed in the remuneration overview when proposing the appointment of such new Management Board member to the General Meeting. In addition, the Supervisory Board can consider providing a relocation budget covering actual relocation cost, an Arrangement to reimburse international schooling and/or temporary housing.

In case of an internal promotion or an appointment following a corporate transaction (e.g. merger or acquisition), the Supervisory Board may also offer a continuation of any remuneration arrangements that were already in place prior to his/her appointment as Management Board member. Any such continued arrangement will be disclosed in the remuneration overview when proposing the appointment of such new Management Board member to the General Meeting.

## LOANS

ASMI does not provide any personal loans, guarantees or advance payments to the CEO or other Members of the Management Board.

## DILUTION

In order to limit potential dilution by the long-term share award to be awarded to the CEO and other members of the Management Board, and restricted share awards to other employees, the Supervisory Board will apply a maximum dilution percentage of 5%. ASMI may repurchase outstanding shares in order to mitigate dilution.