

## REMUNERATION POLICY 2020 – 2023

### GENERAL

The existing remuneration policy was adopted by the Annual General Meeting of Shareholders ('General Meeting') on May 21, 2014. This new remuneration policy ('Remuneration Policy') is proposed by the Supervisory Board after recommendation of the Nomination Selection and Remuneration Committee ('NSR Committee') following a review, analysis and evaluation of the existing policy.

This proposed Remuneration Policy replaces the current policy and fundamentally continues the existing remuneration policy principles and is updated for the outcomes of the review of the current policy, whereby maintaining compliance with the Dutch Corporate Governance Code and aligning with the new Dutch legal requirements following the implementation of the EU Shareholders' Right Directive II.

This Remuneration Policy is presented to be adopted by the General Meeting on May 18, 2020 and if approved, this Remuneration Policy will apply to all payments made after that date and will replace the existing policy. It is intended that this Remuneration Policy will be applicable for four years. 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. Furthermore, the policy includes the remuneration principles applicable to the individual compensation of the Supervisory Board.

For the remuneration of the Management Board, the Supervisory Board may in accordance with article 2:135a under 4 and 5 of the Dutch Civil Code, in exceptional circumstances only, decide to temporarily deviate from the Remuneration Policy. Exceptional circumstances shall cover only situations in which the deviation from the Remuneration Policy is necessary to ensure the long-term interests and sustainability of the Company as a whole or to assure its viability, such as a change of control at the level of the Company. In such circumstances, a temporary deviation from the Remuneration Policy is permitted. The Supervisory Board will account for this during the General Meeting immediately following the occurrence of such exceptional circumstance resulting in a temporary deviation from the Remuneration Policy.

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

- a) Motivates and rewards executives in both Management Board and Supervisory Board with a balanced and competitive remuneration, in sync with role and responsibilities.
- b) Allows ASMI to 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. To realize the strategy, ASMI focuses on 3 key elements: innovative strength, leadership in deposition and operational excellence.

ASMI endeavors to ensure that this Remuneration Policy aligns with all policies and procedures and complies with both the Dutch corporate governance requirements and the relevant Dutch laws.

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

For this purpose, we have defined six key policies to ensure the highest standards in both the workplace and in all our business dealings. These policies include our Code of Ethics, 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 our 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. Our 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 analysis 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 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, compared to Senior Executives and employee compensation at target (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.

Furthermore, the views of shareholders as expressed during the General Meeting or in dialogue with the largest investors and shareholder representative bodies are considered when operating the Remuneration Policy. Finally, Works Council advice does not apply to ASMI.

## MANAGEMENT BOARD

### 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, the internal 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, selected according to industry (complexity), size and geographical presence ('Remuneration peer group').

In principle, the Supervisory Board will benchmark the peer-group at least every two years. Substantial changes applied to the composition of this group 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 market median levels.

**BASE SALARY**

The base salary of the members of the Management Board is derived from the TDC level as 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 75% of base salary in case of target performance, and up to a maximum of 125% in case of outperformance.

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, can be influenced and are assessable. They sustain the long-term strategy of ASMI. Financial indicators (75%) are:

<b>Performance criteria</b>	<b>weight</b>
Front-end Sales	33%
Front end EBIT	33%
Free Cash Flow	33%

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 Supervisory Board may adjust, if required, by changed strategic priorities in any year, the performance indicators and their relative weighting.

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 is yearly disclosed in the Remuneration Report.

## LONG TERM SHARE INCENTIVE

The number of performance shares granted for on target performance will be determined after the performance year by the Supervisory Board and relate to a sales growth compared to market and average EBIT percentage measured over a three-year performance period. In order to define the number of shares to be granted a fair value approach is applied.

The target level of the LTI is set at 165% of base salary for the CEO and at 125% of base salary for the other MB members.

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.

- 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.
- The second is Average EBIT percentage, which is measured as the average EBIT over the performance period as a percentage of the average Sales.

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.

For paying applicable taxes upon vesting of performance shares, the members of the Management Board are allowed to sell sufficient vested performance shares to cover the withholding taxes payable at vesting.

## PAY MIX

At target level the mix base salary, short-term cash incentive and long-term share incentive is therefore set as follows:

	CEO	Other MB Members
Fixed gross annual salary	100%	100%
Short-term cash incentive	100%	75%
Long-term share incentive	165%	125%

## PENSION PROVISIONS AND OTHER BENEFITS

The pension provisions for the CEO and other members of the Management Board consist of an industry wide 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 the proportion of 2/3<sup>rd</sup> and 1/3<sup>rd</sup>.

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.

## SERVICE AGREEMENTS

### APPOINTMENT

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

### TERMINATION OF EMPLOYMENT

All employment agreements respectively 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.

### 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.

#### 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.

## SUPERVISORY BOARD

The compensation of the members of the Supervisory Board is based on fixed amounts paid in cash and reflect median market pay levels according to responsibilities of the role, size and complexity of a listed high tech global company. This compensation structure ensures the independence of the members of the Supervisory Board and the effectiveness from a corporate governance perspective. The members of the Supervisory Board are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution.

The compensation levels for the members of the Supervisory Board are based on a comparability study of a combination of Dutch general market companies and international sector-specific companies. Starting point was the ASMI Management Board Remuneration peer group as contained in this Remuneration Policy.

The annual compensation and committee fees of the Members of the Supervisory Board according to roles and responsibilities are the following:

Chair of the Supervisory Board	€70,000
Member of the Supervisory Board	€50,000
Chair of the Audit Committee	€10,000
Member of the Audit Committee	€7,500
Chair of the Nomination, Selection and Remuneration Committee	€8,500
Member of the Nomination, Selection and Remuneration Committee	€6,000

Actual travel expenses of the members of the Supervisory Board are reimbursed.

The Supervisory Board remuneration levels and pay are in principle defined for the period of this policy. Each year the actual paid remuneration will be disclosed in the Remuneration Report. In case of any material change before the end of the term of this policy, an amendment will be explained and proposed for adoption to the General Meeting.

## APPOINTMENT

Members of the Supervisory Board are appointed for a maximum term of four years. The actual appointment is subject to the approval of the General Meeting.

## LOANS

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