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ASM INTERNATIONAL REMUNERATION REPORT 2022

REMUNERATION REPORT

INTRODUCTION

ASM's Management Board remuneration policy was adopted by the AGM on May 16, 2022. This remuneration report complies with the best practice provisions of the Dutch Corporate Governance Code. It is aligned with the new Dutch legal requirements following the implementation of the EU Shareholders' Right Directive II.

The 2022 remuneration report refers to ASM's remuneration policy, which can be found on our website.

REMUNERATION PHILOSOPHY AND STRUCTURE

ASM's remuneration philosophy for the Management Board is to incentivize and reward performance, while ensuring retention, motivation, competitiveness and fairness. A key factor is also alignment with shareholder interests. This is why our remuneration structure is articulated around 3 key pay mix elements, plus benefits:

- Base salary (fixed gross annual salary)
- Short-term cash incentive (performance based)
- Long-term share incentive (performance based)

Our remuneration structure and competitiveness is regularly reviewed using a list of benchmark companies. All pay mix elements are reviewed in this benchmarking analysis.

BASE SALARY (FIXED)

Each member of the Management Board receives a fixed Base salary with a monthly pay out. The base salary of the members of the Management Board is set based upon the outcome of the benchmark analysis. 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.

SHORT-TERM INCENTIVES (CASH BONUS)

Each year, a short-term incentive can be earned based on achieving specific challenging targets. These targets are based for 75% on company financial targets and 25% on non-financial targets

(of which for 2022 two-thirds related to ESG in 2022). The on-target bonus percentage for the CEO is 100% of the annual base salary, with a maximum payout of 150% of the annual base salary in case of overachievement. The on-target bonus percentage for the CFO respectively the CTO is 75% and 80% of the annual base salary, with a maximum payout of 125% of the annual base salary. The targets for the short-term incentive are based on the financial budget approved by the Supervisory Board before the start of the fiscal year.

LONG-TERM INCENTIVES (PERFORMANCE SHARES)

Members of the Management Board are eligible to receive performance shares under the ASM International N.V. 2014 long-term incentive plan for members of the Management Board and ASM's remuneration policy to focus on the long-term interest of the company. Performance shares vest after three years, subject to meeting predetermined financial indicators and continued services. To show a longer-term commitment to ASM and align with shareholder interests, the members of the Management Board are required to hold the vested performance shares for an additional two years ('holding period') after the vesting date. However, they are allowed to sell a part of the unconditional shares after three years for tax purposes. Performance shares will next be granted in April 2023.

The Supervisory Board will determine the number of performance shares granted for on-target performance. When doing so, the board will consider two predetermined financial indicators (each with respectively 50% weight): revenue growth compared to market index (WFE) and average EBIT percentage measured over a three-year performance period. ASM applies a face-value approach to define the number of shares to be granted, which is calculated as follows: target level (calculated based on annual base salary) divided by the average share price of ASM on the Euronext Amsterdam stock exchange on the award date and the following four consecutive days. The award date is immediately following the date of the announcement of the first quarter financial results in April for the year the award takes place.

The target level of the long-term incentive is set at 165% of the annual base salary for the CEO and 125% respectively 450% for the CFO and CTO. The maximum number of shares granted in case of outperformance of the predetermined performance indicators is 150% of the number at

on-target performance. The number of shares granted will be zero if both of the targets are below the threshold level.

For 2022, based on the remuneration policy, the Supervisory Board awarded the following on-target value to:

- Mr. Loh, CEO: €1,108,159 (3,631 shares)
- Mr. Verhagen, CFO: €672,750 (2,204 shares).

Outstanding performance shares

The following table shows the outstanding performance shares granted to members of the Management Board up till and including 2022 and held by members of the Management Board as at December 31, 2022:

	Grant date	Status	Number of shares at grant date	Performance adjustment	Vested in 2022	Outstanding December 31, 2022	Fair value at grant date	Vesting date	End of holding period
G.L. Loh ¹⁾	Jul 29, 2020	Conditional	8,087	—	—	8,087	€123.31	Jul 29, 2023	Jul 29, 2025
G.L. Loh ¹⁾	Apr 21, 2021	Conditional	4,184	—	—	4,184	€245.40	Apr 21, 2024	Apr 21, 2026
G.L. Loh ¹⁾	Apr 21, 2022	Conditional	3,631	—	—	3,631	€313.72	Apr 21, 2025	Apr 21, 2027
P.A.H. Verhagen ²⁾	Jul 28, 2021	Conditional	2,159	—	—	2,159	€291.97	Jul 28, 2024	Jul 28, 2026
P.A.H. Verhagen ²⁾	Apr 21, 2022	Conditional	2,204	—	—	2,204	€313.72	Apr 21, 2025	Apr 21, 2027
Total			20,265	—	—	20,265			

¹⁾ New CEO since May 18, 2020.

²⁾ New CFO since June 1, 2021.

The shares will become unconditional after three years, depending on whether predetermined targets are achieved or not.

PENSION ARRANGEMENT

The members of the Management Board are given the opportunity to participate in a defined contribution plan for their salary up to €114,867. For salary above €114,867, the members of the Management Board are compensated with an amount equal to the employer pension contribution. The members of the Management Board have the option to participate in a net pension plan offered by the company or to have the compensation paid out in cash.

The newly appointed CTO, Mr. M'Saad, did receive RSU's in April 2022 as senior executive, preceding his appointment as Management Board member in May 2022. He will receive his first LTI grant as Management Board member in April 2023.

Outstanding performance shares

The following table shows the outstanding performance shares granted to members of the Management Board up till and including 2022 and held by members of the Management Board as at December 31, 2022:

TOTAL REMUNERATION OF MANAGEMENT BOARD

The following table provides an overview of the 2022 remuneration elements in € thousands for the CEO, the CFO, respectively the CTO, as recognized by the company. The CTO was appointed on May 16, 2022.

NAME OF DIRECTOR, POSITION	1				2				3		4		5	
	Fixed remuneration (K€)				Variable remuneration (K€)				Pension expense (K€)		Total remuneration (K€)		Proportion of fixed and variable remuneration ⁵⁾	
	Base salary		Fringe benefits		Short-term cash incentive (STI)		Share-based payment expenses (LTI) ⁴⁾							
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
G.L. Loh	649	666	58	60	898	883	570	1,020	109	109	2,284	2,738	56%	44%
P.A.H. Verhagen ¹⁾	303	534	25	44	594	575	165	550	41	87	1,128	1,790	49%	59%
H. M'Saad ²⁾	—	366	—	122	—	395	—	—	—	18	—	901	—%	128%
P.A.M. van Bommel ³⁾	171	—	16	—	142	—	656	—	40	—	1,025	—	28%	—%
Total	1,123	1,566	99	226	1,634	1,853	1,391	1,570	190	214	4,437	5,429		

¹⁾ New CFO since June 1, 2021.

²⁾ New CTO since May 16, 2022. The amounts shown reflect his remuneration during his MB membership.

³⁾ Former CFO till May 17, 2021.

⁴⁾ The remuneration reported as part of the LTI (share awards) is based on costs incurred under accounting values EU-IFRS. The costs of share awards are charged to the consolidated statement of profit & loss over the three-year vesting period based on the number of awards expected to vest. For the first year we account at target, subsequently we apply the estimated number of share awards, and in the final performance year of the awards we update this estimate to the best estimated number of awards which are anticipated to vest.

⁵⁾ The increase of the 'proportion of fixed and variable remuneration' percentage of P.A.H. Verhagen is related to his lower base salary in 2021 due to his start date June 1, 2021.

1. Fixed remuneration

Base salary. This is the fixed annual gross base salary. A salary increase of 3.5% has been implemented as of April 1, 2022, in line with the market movement in the Netherlands.

Fringe benefits. This represents the value of benefits and perquisites awarded, such as a company car, a representation and expense allowance, the premium for health and disability insurance, and social security contributions.

2. Variable remuneration

Short-term incentive (STI). Each year, a short-term incentive can be earned based on achieving specific challenging targets. The short-term incentive recognizes three levels: threshold, on-target, and stretch.

The target level is generally aligned with the budget as reviewed and approved by the Supervisory Board. Achievement at target level, results in a pay out of 100% of the STI value. The stretch level is set to promote extra-performance. If the performance does not meet the threshold level, the related part of the bonus will be zero.

If the actual realization is between threshold and on-target or between on-target and stretch, the payout will be based on the relative deviation against these levels. The targets are 75% based on company financial targets (equally divided between revenue, EBIT, and free cash flow) and 25% based on non-financial targets (of which 2 out of 3 related to ESG in 2022).

For 2022, the CEO, CFO respectively the CTO realized overall an over-achievement on STI (131% rounded – see table on next page).

STI TARGET SETTING

Targets set at the beginning of each financial year and aligned with the budget as approved by the Supervisory Board. The Non-financial, strategic, targets are aligned with ASM’s most important strategic priorities in a performance year. For each performance indicator a target performance level is defined that represents the expected performance in a performance year (target). The threshold level defines the minimum level of performance, below which payout is 0%. The maximum or stretch level of performance is 150% of target level.

STI performance measures

Financials

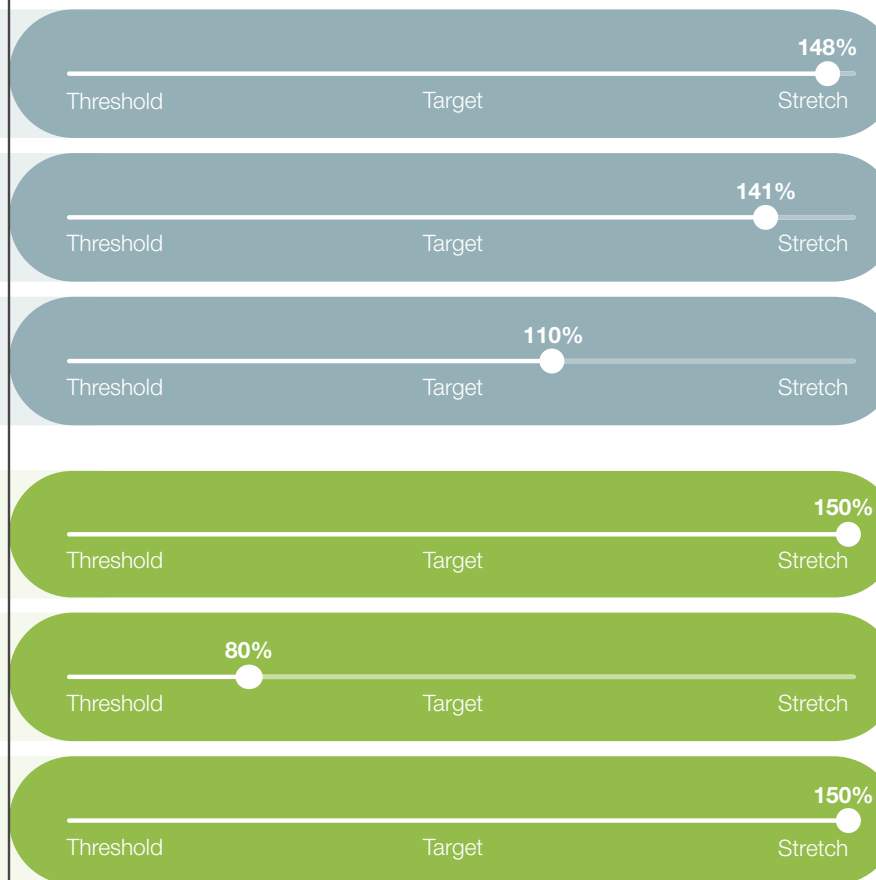
Targets set per budget as approved by the Supervisory Board

Sales	Revenue achievement at constant currencies (actual revenue recalculated at budget currency)
EBIT	EBIT excluding one-off non-budgeted items (e.g. M&A and related PPA amortization)
Free cash flow	Net cash flow from operating activities after investment activities excluding non-budgeted M&A and excluding ASMPT dividends

Non-Financials

ESG	Net Zero 2035 ambitions: 1.5°C Achievement Pathway as announced at ASM’s Investor Day 2021 and through press release. All scopes measured, plans defined. MB to review Science Based Targets Initiative (SBTi). Strategy, plans and submission reviewed and validated by external expert review process before 2022 year end. Validated submission to the SBTi before end 2022
Engineering & manufacturing global footprint	Conduct a strategic analysis of the global future footprint for engineering and manufacturing that supports ASM’s long term growth ambitions, taking into account ASM’s global footprint, and external conditions such as geopolitical environment, competition for skills etc
Leadership development	Review and progress ASM’s succession pipeline for executives: succession plan, gap analysis, talent assessment, development plans, including focus on future female leadership

STI realization 2022 performance year: (achievement rate)



Share-based payment or long-term incentives. This is a multi-year variable payment of which the value is the value of a performance share award that has become unconditional after a performance period of three years. The unconditional award is the result of targets on revenue growth compared to market and average EBIT.

End 2022 the three-year performance period of the performance shares granted to the CEO on July 29, 2020 has been completed. Based on the achievement of the performance criteria, the vesting percentage of the performance shares on July 29, 2023 is 102% (rounded). The underachievement of the three-year revenue growth metric is being compensated by overachievement of the EBIT metric.

3. Pension

As of 2015, members of the Management Board no longer participate in the industry-wide pension fund. They have opted to participate in a defined contribution plan for their full-time salary up to €114,867. ASM reimburses an amount equal to the employer pension contribution for their full-time salary above €114,867. The CEO, CFO and CTO can opt either to participate in a net pension plan offered by the company or to have the cost for participating paid out directly. The pension contributions vary from 7.2% to 28.4% of the pensionable salary, depending on age. The members of the Management Board contribute 4.6% of their pensionable salary, and ASM pays the remaining part. There are no arrangements regarding early retirement. The CTO – being based in the US – continued his participation in the 401(k) retirement savings plan.

4. Total remuneration

Value equals sum of 1, 2, and 3 as described above.

5. Proportion of fixed and variable remuneration

The relative proportion of fixed remuneration: By dividing the sum of fixed components: column 1 and the fixed part of pension expense presented in column 3 by the amount of total remuneration (column 4), multiplied by 100%.

Relative proportion of variable remuneration: By dividing the sum of the variable components (columns 2 and the variable part of the pension expense in column 3, if any) by the amount of total remuneration (column 4), multiplied by 100%.

MANAGEMENT SERVICE AGREEMENTS

The CEO, CFO and CTO have a management services agreement with ASM or one of its related subsidiaries, in accordance with Dutch law, for four years:

- Mr. Loh started on May 18, 2020, and was appointed for a four-year term based on a management services agreement;
- Mr. Verhagen started on June 1, 2021, and was appointed for a four-year term based on a management services agreement; and
- Mr. M'Saad started on May 16, 2022, as MB member, and was appointed for a four-year term based on a management services agreement.

As mentioned in the management services agreements of the members of the Management Board, in the case of termination of the contract on behalf of the company, the members of the Management Board are eligible for a severance payment of a maximum one-year annual gross base salary.

CLAW BACK AND ULTIMUM REMEDIUM

In exceptional circumstances, the Supervisory Board will have the discretionary authority to recover any 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 concluded for 2022 that no circumstances have been identified that result in any adjustments or claw back of variable remuneration.

COMPLIANCE TO REMUNERATION POLICY AND LONG-TERM PERFORMANCE

The Supervisory Board reviewed the remuneration policy in 2022 and the policy was presented to and approved by the AGM on May 16, 2022, including the appointment of the CTO.

The purpose of the remuneration policy for the members of the Management Board of ASM is to provide compensation that:

- Motivates and rewards executives in both the Management Board and Supervisory Board with a balanced and competitive remuneration, in line with their role and responsibilities;
- Allows ASM to attract, reward, and retain highly qualified executives with the required background, skills, and experience to implement ASM's strategy in a highly competitive global industry;
- Ensures that short-term operational results and long-term sustainable value creation are balanced; and
- Is transparent, fair and reasonable, and aligns with the interests of ASM, shareholders, and other stakeholders in the medium- and long-term to deliver sustainable performance in line with ASM's strategy, purpose, and values. The focus on long-term value creation is also reflected in the mix between short-term variable and long-term variable pay target value and the link to the two key longer-term financial objectives as long-term incentive performance measures.

COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The figures presented are indexed compared to the previous financial year.

Annual change	2018/2017	2019/2018	2020/2019	2021/2020	2022/2021	Information regarding 2022
Management Board remuneration						
G.L. Loh, CEO (as of May 18, 2020)	—%	—%	—%	210%	120%	
P.A.H. Verhagen, CFO (as of June 1, 2021)	—%	—%	—%	—%	159%	
H. M'Saad, CTO (as of May 16, 2022)	—%	—%	—%	—%	—%	
P.A.M. van Bommel, CFO (until May 17, 2021)	101%	123%	101%	66%	—%	Former CFO retired May 17, 2021
C.D. del Prado, CEO (until May 18, 2020)	105%	124%	64%	—%	—%	Former CEO retired May 18, 2020
Company performance						
Revenue	111%	157%	103%	130%	139%	
EBIT	119%	171%	142%	150%	128%	
Free cash flow	80%	418%	48%	222%	25%	
Qualitative/non-financial strategic objectives/targets	103%	128%	88%	98%	98%	
Average remuneration of employees (K€)						
	2018	2019	2020	2021	2022	
Average remuneration of employees	75	85	88	87	99	
CEO pay ratio	27	31	27	29	27	

The ratio of the CEO's remuneration and the average remuneration of all other employees (the pay ratio) is calculated by dividing the CEO's remuneration by the average remuneration of all employees. The CEO's remuneration is the total annualized base salary and bonus of the CEO as well as share-based payment (extrapolated to a full year LTI value based upon three consecutive yearly grants with each a 36-month vesting period). The average remuneration of all employees is calculated by dividing the total personnel costs (wages, salaries, and share-based payments), minus the CEO's remuneration, by the total number of employees (minus CEO). The pay ratio is in line with the anticipated internal development of pay levels and at the lower end compared to the AEX listed companies.

The 2022 ASM remuneration report considers the draft guidelines to specify the standardized presentation of the remuneration report as stated in Directive 2007/36EC of the European Parliament, and amended by Directive (EU) 2017/828, Article 9b (6).

This report is the remuneration report required in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

REMUNERATION OF THE SUPERVISORY BOARD

The 2022 remuneration report refers to the remuneration policy of ASM, which can be found here.

The following tables present information on the sole remuneration from the company (including its subsidiaries) for services in all capacities to all current and former members of the Supervisory Board:

	Year ended December 31,				
	Annual fee	Committee fee	Allowances ³⁾	Total remuneration	
	2022	2022	2022	2022	2021
Supervisory Board:					
P.F.M. van der Meer Mohr ^{1,2)}	85.8	7.4	10.0	103.2	12.8
S. Kahle-Galonske	66.0	15.0	20.0	101.0	60.0
M.J.C. de Jong	66.0	10.0	10.0	86.0	61.2
D.R. Lamouche	66.0	11.0	20.0	97.0	57.6
M. de Virgiliis	66.0	10.0	20.0	96.0	57.5
A.T. Sanchez ¹⁾	66.0	17.4	22.5	105.9	12.8
TOTAL	415.8	70.8	102.5	589.1	261.9

¹⁾ Period as of September 29, 2021.

²⁾ Appointed as Chair of the Supervisory Board as of May 16, 2022.

³⁾ Consist of allowances for (inter)continental meetings.

	Year ended December 31,				
	Annual fee	Committee fee	Allowances ³⁾	Total remuneration	
	2022	2022	2022	2022	2021
Former Supervisory Board:					
J.C. Lobbezoo ¹⁾	—	—	—	—	31.6
M.C.J. van Pernis ²⁾	37.5	2.8	1.0	41.3	69.3
TOTAL	37.5	2.8	1.0	41.3	100.9

¹⁾ Period to May 17, 2021.

²⁾ Period to May 16, 2022.

³⁾ Consist of allowances for (inter)continental meetings.

Annual Change	2018/2017	2019/2018	2020/2019	2021/2020	2022/2021
Supervisory Board remuneration					
P.F.M. van der Meer Mohr	—%	—%	—%	—%	806%
H.W. Kreutzer	41%	—%	—%	—%	—%
J.C. Lobbezoo	112%	106%	100%	38%	—%
M.C.J. van Pernis	107%	104%	100%	119%	60%
U.H.R. Schumacher	107%	105%	38%	—%	—%
S. Kahle-Galonske	183%	107%	100%	100%	168%
M.J.C. de Jong	—%	169%	100%	106%	141%
D.R. Lamouche	—%	—%	—%	166%	168%
M. de Virgiliis	—%	—%	—%	161%	167%
A.T. Sanchez	—%	—%	—%	—%	827%

Any recommended changes to the remuneration of members of the Supervisory Board will be submitted to the AGM for approval.

The remuneration of members of the Supervisory Board was most recently revised during the 2022 AGM. A new benchmark analysis was conducted in the fourth quarter of 2021, which did lead to a proposal to adjust the remuneration of members of the Supervisory Board, as approved by the AGM on May 16, 2022.

DEROGATIONS FROM REMUNERATION POLICY

The Supervisory Board has not derogated or deviated from the remuneration policy.

ASM does not provide any loans, advanced payments, deposits, or related guarantees to the CEO, CFO, CTO or Supervisory Board.

Feedback and questions

Please feel free to contact us if you have any feedback on or questions about this Annual Report:
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