

# Remuneration Policy for the Management Board of ams AG

## Preamble

In accordance with Section 78a of the Austrian Stock Corporation Act (AktG), this policy sets out the principles for the remuneration of the Management Board of ams AG. It was established by resolution of the Supervisory Board on April 23<sup>rd</sup> 2021 and is to be applied for a maximum of four years starting after its presentation to the Annual General Meeting. In accordance with Section 78b (1) AktG and in conjunction with Section 78b (1) AktG in case of any significant changes the remuneration policy must also be submitted to the Annual General Meeting for approval.

The remuneration policy defines the principles on which the remuneration of the Management Board is based. The fixed and variable as well as the share-based remuneration granted to members of the Management Board will be elaborated. Furthermore, the relevant criteria in this context, the respective procedure for determining the remuneration and any deviation from the remuneration policy are presented.

The overall objective of this remuneration policy is to promote the business strategy and long-term development of the company in the interests of shareholders. The vision of ams is to become the uncontested global leader in optical solutions. Therefore it is crucial to be ahead of its competitors. The aim is to have unique technology and the best portfolio to achieve the position. Based on the key success factors Sensing, Illumination and Visualization of optical solutions, ams wants to reach the goal through bold investments in disruptive innovation and continuous transformation in improving profitability and growth. Via providing the full optical key components Emitters, Modules, Detectors and integrated circuits & algorithms, ams is willing to pursue the market leadership in the optical industry. To ensure this innovational leadership and guarantee future growth potential, ams is investing in technology via R&D and M&A transactions and is always reviewing the existing portfolio to enable key success potential.

The remuneration is reflecting the ongoing development of the ams group by setting ambitious targets for the management board and adapt them to the current business situation as well as to the dynamic requirements of the ecosystem. ams AG is operating in a highly competitive environment not only its industry and markets but also in terms of talent pool. In order to be attractive and acquire the best talent from across the globe, the company offers attractive and competitive compensation packages. The packages offered consist of a below-average base salary and performance-oriented incentive elements that are above average compared to peers. These incentives are bound to above-market performance and long-term strategy achievement. The granting of long-term incentives is linked to an outperformance of market peers. The compensation for the Management Board of ams AG does not include additional benefits like pension schemes, hence emphasizes strongly on the (financial) long-term performance and development of the company. It is designed to motivate the Board Members to achieve the strategic goal to become market leader and to ensure that the company grows further, which is in the best interest of the company and the Shareholders. Additionally, ams's strategy provides space to proactively manage the industry's cyclic changes by setting the adequate priorities. Based on the strategy and the ambitious targets of ams, the remuneration ensures that the incentivization keeps the motivation of

the management board high to realize the vision as well as to attract top talent from US, Europe and Asia.

## Remuneration Structure

### Principles for the remuneration of the Management Board

The remuneration policy ensures that the total remuneration of the members of the Management Board is corresponding with the performance of the company and with common remuneration practices in comparable positions in the global semiconductor and technology industry and that it supports the business strategy and long-term development of the company. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams group.

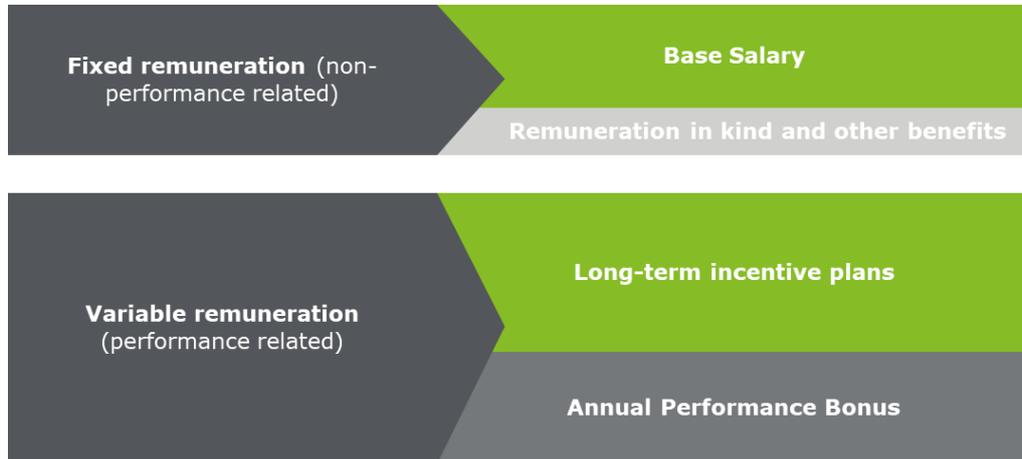
Considering the remuneration and employment conditions of the employees of ams AG, regarding ongoing and future long-term incentive plans, members of the Management Board as well as selected employees and executives of ams AG are given the opportunity to participate in the success of the company. The objectives of this participation scheme are to promote the alignment of interests between the shareholders of the company and the employees, who make a decisive contribution to the increase in value of ams AG, the long-term commitment of the employees and to maintain the attractiveness of ams AG on the labor market.

The structure of these long-term incentive plans is designed over a period of several years to ensure a sufficient incentive for the long-term commitment of all participants (including the members of the Management Board) and a common orientation towards the sustainable development of ams AG. The remuneration is appropriate in relation to the performance of the company; this is ensured, inter alia, by a partial orientation towards performance-related variable remuneration elements.

Furthermore, when determining the compensation, the conditions offered by leading global semiconductor and technology companies in order to attract special talent and take advantage of new talent pools in the midst of an increasingly mobile and flexible global labor market – a fact that is even more true looking at the past 12 months – are taken into account. The offered remuneration is sufficiently attractive to reward qualified executives in line with international market conditions.

The remuneration of the members of the Management Board reflects the responsibility as legal representatives of ams AG and the scope of activities of the respective member as determined by the assignment of functions. In addition, relevant professional experience and skills profile is considered to a significant extent.

Remuneration Components



Overview of remuneration components

Remuneration	Description	Purpose and link to the strategy	Shareholder Alignment
Base salary	<p>The base salary is a fixed, non-performance related compensation that is typically paid in 14 installments. 12 at the end of each month and 2 additional installments every 6 months as it is common practice in Austrian companies. The base salary reflects the professional experience and the area of responsibility of the individual member of the Management Board and is in line with comparable international companies in the semiconductor and technology industry and market conditions.</p>	<p>The base salary reflects the experience and complexity of the individual Board member. It is below market average as the focus within the pay package is on the performance-oriented pay elements (STI, LTI).</p>	<p>It is in the best interest of the shareholders to attract and retain highly experienced and qualified executives by offering a compensation package (fixed and variable compensation components) that is attractive compared to market standards.</p>
Remuneration in kind and other benefits	<p>Management board members are entitled to an upper-middle class passenger car for business and private purposes. The Company enters into D&amp;O insurance contracts for members of the Management Board.</p> <p>There is no retirement scheme and there are no severance payments, except for the legal severance.</p> <p>International tax regimes require board members to file tax returns in several countries. In order to avoid mistakes, the company bears the cost of tax consulting for management board members especially if there are different tax legislations involved.</p>	<p>Remuneration in kind and benefits that are in line with the market are important to attract and retain the best talent. Tax consulting services are provided to board members to ensure compliance with tax legislation.</p>	<p>Remuneration in kind that is in line with market standards as part of a competitive remuneration package.</p>

Fixed Compensation (10-30%\* of total remuneration)

<p>Performance Bonus</p>	<p>The annual performance bonus reflects the company's performance and success in a given financial year. The target bonus is defined as a percentage of the base salary (the target bonus is 100% of the annual base salary). In the event of over-fulfillment it is capped at 200% of annual base salary. Payouts are subject to clawback provisions.</p>	<p>The targets used to measure performance in the annual bonus process are broken down from the strategic goals ams AG is pursuing. The target categories are revenue &amp; growth, profitability, cash measures and a strategic target. All metrics are quantifiable and no less than 80% will be based on financial metrics.</p>	<p>The performance criteria of the performance bonus are all linked to the strategy of ams and therefore support the sustainable development of the organization in terms of growth and profitability as well as financial stability.</p>
<p>Long-term incentive plans</p>	<p>There is a current long-term incentive plan "LTIP 2019" as well as legacy plans (no shares granted anymore). The number of awards (options) granted is based on (financial) performance criteria. The maximum number of options granted by the company, amounts to a maximum of 7.5 times the annual base salary for the CEO and 5 times the annual base salary for the other board members and is limited to 1.5% annually and 10% in total of the total share capital. For Management Board members there are two elements: PSU (options subject to performance conditions) and SPSU (market value options).</p>	<p>The LTIP 2019 enables executives to participate in the long-term sustainable development of the organization. Sustainable profitable growth and a strong market position are the main pillars of the strategy and incentivized in the LTI.</p>	<p>The performance criteria used in the LTIP 2019 were chosen in order to align shareholder interest. TSR and EPS are the performance components to achieve this alignment. Furthermore there is a Profit Sharing threshold – Profit Sharing refers to a variable compensation component on employee level.</p>
	<p>The LTIP committee has the discretion to scale back, cancel or claw back awards under predefined circumstances (malus and clawback).</p>		

\* Weighting of the remuneration elements representative for a successful year where performance targets are met or exceeded. Therefore, annual performance bonus is paid out at or above target and granted stock options are exercised in total by the Management Board Member.

## Procedure for the remuneration policy

The Compensation Committee of the Supervisory Board is responsible for the preparation, regular review and implementation of the compensation policy for the Management Board. The former reviews the remuneration components of the Management Board regarding their appropriateness and adjusts future pay packages if necessary. Where appropriate, external consultants may support, whereby conflicts of interest must be avoided.

The fixed remuneration components and the design of the variable remuneration within the underlying remuneration policy are determined by the Compensation Committee in consultation with the Supervisory Board for the individual members of the Management Board regarding the terms of their respective contracts. In order to avoid conflicts of interest, the members of the Management Board are not entitled to attend those meetings of the Compensation Committee. The specific objectives of the variable remuneration elements are defined in accordance with the remuneration policy on an annual basis and the long-term incentive plans in accordance with their duration. These factors are stipulated for the individual members of the Management Board by the Compensation Committee and the Committee for Long-term Incentive Plan ("LTIP Committee") respectively.

## Base salary

The base salary reflects the professional experience and the area of responsibility of the individual member of the Management Board. Accordingly, the chairperson of the Management Board receives a higher base salary due to his special responsibility and importance to ams AG. The base salary is lower than market average compared to peers in the semiconductor and technology industry.

The base salary of each member of the Management Board is typically paid in 14 installments. 12 at the end of each month and 2 additional installments every 6 months as it is common practice in Austrian companies. The exercise of director functions in group companies or affiliated companies does not increase the fixed base salary. The amount of the base salary is stipulated individually within the respective executive contract.

## Variable Compensation elements

The variable performance-related remuneration consists of two elements. The short-term element is the annual performance bonus and the long-term elements are various long-term incentives plans.

The annual performance bonus incentivizes the successful execution of the strategy broken down to annual financial and non-financial targets in each financial year. The Compensation Committee does the target setting and weighting at the beginning of each year as well as the assessment at the end of a year.

The long-term incentive plans aim to incentivize the long-term and sustainable development – profitability and growth – of the organization to ensure an alignment with shareholder interest.

## Annual Performance Bonus

### Criteria

The annual performance bonus rewards the performance each year based on four target categories that are linked to the strategic goals of ams AG and each target is quantifiable. The target categories and their weighting ensure that the annual focus supports profitable growth as well as short-term milestones for important strategic projects (e.g. M&A activities) or CSR activities of ams AG. The target categories and their respective weighting are shown in the table below (all metrics are quantifiable and no less than 80% will be based on financial metrics).

## Overview of annual performance bonus criteria

Target category	Examples	Weight	Description	Link to the strategy and long-term development
Profitability	EBIT	30% - 50%	EBIT (or similar) is used to evaluate the earnings potential. It shows the performance of ams' core operations without the costs of the capital structure and tax expenses impacting the profit. EBIT measurement: Expenses are subtracted from revenues	A main strategic focus is to combine growth with profitability. Being profitable is on the one hand the basis for a sustainable development of the organization and on the other hand key to align with the shareholder perspective and shareholder return.
Revenue & Growth	Net Sales	0% - 40%	The underlying KPI to measure the performance regarding revenue and growth is Net Sales (or similar). Net sales are the total revenue generated by ams, excluding any sales returns, allowances. It gives an understanding of the company's top line growth and the quality of the company's sales.	Growth and the extension of the portfolio are major strategic goals of ams AG. Therefore focusing on growth in financials like Net Sales in the annual performance measurement supports the long-term success of the organization as defined in the strategy. This will help ams AG to achieve the goal of becoming the uncontested global leader in optical solutions.
Cash measure	Free Cash Flow (FCF), Net Debt	10% - 30%	To measure ams' financial performance or liquidity the Free Cash Flow (FCF) – or similar - is measured. It shows the cash that the company can produce after deducting the purchase of assets as property, equipment and other major investments from its operating cash flow. Alternatively Net debt is a KPI to be used based on the focus defined by the supervisory board in a given year.	Liquidity builds the sound basis and enables ams AG to pursue its strategic goals like making bold investments in disruptive innovations and technologies via R&D and M&A transactions.
Strategic measure	CSR, M&A transaction, Post Merger Integration	0% - 20%	This category may include financial and non-financial performance indicators. Examples are an increase in efficiency, M&A transaction deals or Post Merger Integration efforts (that are typically milestones of larger strategic projects).	Being agile and flexible is key in the fast-paced environment ams is operating in. Therefore, ams' strategy provides space to proactively manage the industry's cyclic changes on a short-term level.

## Process

In the annual budget the Compensation Committee directly derives the annual targets from the company strategy. At the beginning of each financial year the Compensation Committee sets those targets and defines the weightings for the respective year. The guiding structure in this process is the target matrix (as shown). All targets set by the Compensation Committee are in alignment with the long-term strategy and are quantifiable. At the end of the financial year the levels of target achievement for each target are assessed based on the financial reporting. For a bonus to be granted, a minimum performance threshold for each individual performance indicator of 80% must be reached and each performance indicator is capped at 120%. If the threshold of one individual performance indicator is reached it will be included in the calculation with its respective weighting. The sum of all weighted target achievements are summed up to an overall target achievement. The

target bonus for each Management Board member amounts to one annual base salary. At an overall target achievement of 100% the payout is 100% of the target bonus. Below 80% overall target achievement there will be no bonus payout (threshold). The payout curve in between is linear. The maximum bonus payout is capped at 200% of the target bonus corresponding to 120% overall target achievement. The payout curve in between is again linear.

The performance bonus is due for payment no later than 30 days after the approval of the results of the financial year, although the payment terms may vary depending on local standards. Payouts are subject to clawback provisions.

Annual performance bonus overview



## Long-term incentive plans

### Principles

Long-term incentive plans are an important instrument for ams AG to link shareholder interest with performance-related Management Board remuneration. A keystone for the granting of awards in the LTIP is the link to the Profit Sharing Program for Employees. Only if there is a payout in the Profit Sharing Program for employees Management Board Members benefit from their long-term incentive plan. The opportunity to participate in the success of ams AG aims at fostering the overall commitment of Management Board Members (and employees) to drive the execution of the long-term strategy. Therefore, the key performance indicators have a strong link to the long-term sustainable development of the company.

To ensure a high quality standards, compliance and alignment with market standards (governance, vesting, caps, clawback clauses and others), all plans are designed with the help of external consultants. External experts review the applicable performance criteria and the achievement of financial and non-financial targets on a yearly base.

The plans are intended to offer an attractive remuneration element to the key staff and Management Board members that is in accordance with peer group comparisons. ams AG's long-term incentive plans are consistent with the remuneration offered by leading international semiconductor and technology companies in order to attract special talent & executives in the midst of an increasingly mobile global labor market. ams AG offers an attractive long-term incentive in accordance with peer group comparison and, therefore, ensures long-term commitment of employees by maintaining a motivating remuneration system that offers additional income opportunities to incentivize and retain key staff. Part of the performance indicators are also aligned throughout the organization via the connection to the Profit Sharing Program for Employees, which ensures that the long-term incentive plans for the Management Board are applicable only when employees are rewarded.

The total amount of options outstanding under all long-term incentive plans must not exceed 1.5% annually and in total 10% of the share capital at any time. Share options are granted to selected members of the Management Board, senior managers and other employees. A certain percentage of the options provided under the long-term incentive plans is intended for employees below Management Board level. The eligibility of participation is linked to conditions such as professional experience, years of service, areas of responsibility and position within the company or participation in other long-term incentive plans.

Management Board Members have a shareholding requirement. Members of the Management Board shall have a qualifying interest in shares. The amount of this qualifying interest measured by the average weighted price of the shares over a period of the previous 12 (twelve) months is 300 percent of the base salary for the Chairman of the Management Board and 200 percent of the base salary for the other members of the Management Board. Half of the qualifying interest may be held in shares and half in vested options.

## Procedure

To ensure a sound governance of the long-term incentive plans and monitor relevant market developments the Supervisory Board established a LTIP Committee. It currently consists of the chairman and the deputy chairman of the Supervisory Board and any such number of employee representatives of the Supervisory Board, but no less than three members of the Supervisory Board (the "LTIP Committee").

The LTIP Committee is responsible for preparing the general policy and parameters of the long-term incentive plans of ams AG to be approved by the Supervisory Board and the Annual General Meeting. Subsequently, the available options are granted by resolution of the LTIP Committee. The LTIP Committee decides on the long-term incentive plans to be awarded to the members of the Management Board on the basis of the respective long-term incentive plans.

To ensure a high quality standard, compliance and alignment with market standards, all long-term incentive plans are designed with the help of external consultants. External experts review the applicable performance criteria and the achievement of financial and non-financial targets on a yearly base.

## Future long-term incentive plans

To ensure compliance to current regulations future LTI plans for Management Board Members will build upon the standards of LTIP 2019 and will foresee a vesting period of at least 4 years.

## LTIP 2019

On June 30, 2019, the Supervisory Board and the Management Board adopted a new Long-term incentive plan (LTIP 2019) to replace LTIP 2014, which became effective on September 9, 2019.

Overall, the LTIP 2019 plan comprises of approximately 7.5% of the Company's share capital over the course of 5 years (2019-2023). The annual maximum number of shares granted shall not exceed 1.5% of the Company's share capital. Each Award granted under the LTIP 2019 entitles the participant to purchase one no-par value share of ams AG. The total amount of outstanding options and Awards under all plans that can be converted into shares may at no point in time exceed ten percent (10%) of the total share capital. In addition, thresholds for the fair value of the stock options granted are set relative to the annual gross salary.

The LTIP 2019 includes three different types of awards, the first two of them are applicable for Management Board Members:

- 1. Performance Share Units (PSU):** PSUs are options subject to performance conditions. The performance indicators for the PSU are the relative Total Shareholder Return and the Earnings per Share. The peer group for the relative TSR consists of 16 semiconductor companies. An additional threshold is the fulfillment of the performance criteria under ams' Profit Sharing Program. PSUs will become exercisable 3 years after grant date (vesting period) if the LTIP Committee determines that the performance criteria have been met and provided that the price of the shares at the time of exercise exceed the average weighted price of the shares three months prior to the Date of Grant (exercise threshold). Each granted PSU entitles the participants to purchase one share of the Company at an exercise price of EUR 1,-.
- 2. Special Performance Share Units (SPSU):** SPSUs are market value options. Over a four year period each year one quarter of the total tranche of SPSUs becomes exercisable. Each granted SPSU entitles the participants to purchase one share of the Company for a strike price, which results from the weighted average price of the Shares within the last sixty (60) trading days prior to the respective Date of Grant, converted into an Euro amount and payable for each Share acquired upon the exercise of an Award.
- 3. Restricted Share Units (RSU):** not applicable for Management Board members. RSUs are subject to the achievement of a performance hurdle in accordance with the performance criteria under ams' Profit Sharing Program. Over a four year period each year one quarter of the total tranche of RSUs becomes exercisable. Each granted RSU entitles the participants to purchase one share of the Company at an exercise price of EUR 1,-.



Management Board Members are entitled for PSUs and SPSUs (RSUs are reserved for other key staff). PSUs make up 65% and SPSUs 35% of total awards granted to Management Board Members.

All granted options must be exercised by June 30, 2029.

To drive the achievement of long-term financial and strategic objectives and at the same time considering recent developments and changes in market acceptance for long-term incentive plans the LTIP-Committee defined the following exercise criteria for the LTIP 2019 (Performance Criteria). These performance metrics combine Company financial performance metrics (Earnings per Share and Profit Sharing Criteria) with a relative TSR condition measured versus industry peers and are aligned with ams AG'S performance-based remuneration system for all employees (Profit Sharing Program).

Overview of long-term incentive performance indicators

Performance	Indicators	Description	Link to the strategy and long-term development
Earnings per Share Part (weighting 50%)	adjusted EPS	Adjusted EPS is the portion of ams' profit allocated to each share outstanding calculated as the adjusted Net Result divided by the number of outstanding shares. It is assessed against the financial annual budget in the year of the Date of Grant. The extent of vesting of the EPS part is potential in the sense that the final vesting of the EPS part is subject to the extent of vesting of the TSR part (as described below) which works as a multiplier. Therefore, the final vesting of the EPS part is only determined after the TSR Performance Period.	EPS as a very common LTI performance indicator aligns this incentive with the shareholder interest. It also links to the strategic goal of profitable growth as the Net Result is an important part.
Total Shareholder Return Part (weighting 50%)	Relative TSR	The Relative TSR is defined as ams' share price performance plus reinvested dividends on the ex-dividend date over the TSR performance period of three years after the grant compared to a pre-defined industry peer group. If the relative TSR is at the median of the peer-group then 0,5x up to 1x of the target award vests depending on the target achievement of the EPS Part. If the relative TSR exceeds the 50th percentile vesting increases on a straight line basis up to 1x of the target awards depending on the corresponding target achievement of the EPS part.	Relative TSR as a highly recognized performance measure for LTIs strengthens the alignment with shareholder interests. The comparison with an industry-specific peer group also links strongly to the strategic goals of sustainable growth becoming the market leader.
Profit Sharing Program Part (threshold)	Adjusted Net Result	The Adjusted Net Result is the net result adjusted by non-cash costs related to share-based compensation (IFRS 2), depreciation of the purchase price allocation for acquisitions and non-cash cost for evaluation changes of financial instruments.	The adjusted net result and the link to the employee profit sharing program aligns the performance indicator of the variable remuneration elements of different levels of the organization. This common focus in terms of performance supports the long-term development.

It shall be in the sole discretion of the LTIP Committee to decline any adjustment on the EPS part which occurs due to a Management's mistake and was not budgeted for. Additionally, regardless of the Company's TSR performance over the TSR Performance Period, the LTI Committee shall retain discretion to scale back the level of vesting that would otherwise result if it considers that the Company's TSR performance over the TSR Performance Period was not reflective of the Company's underlying financial performance.

The LTIP Committee reviews and selects appropriate adjustments to the performance measures and their weightings prior to future grants if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance criteria the Committee acts fairly and reasonably in making the amendment. The three events that may cause the Compensation Committee to adjust the measures are:

- Transactions in scope with IFRS2
- Non-cash expenses related to foreign currency options
- Depreciation of purchase price allocation

Any material amendments of the performance criteria shall be subject to prior approval by the Supervisory Board.

Under the rules of the LTIP 2019 the LTIP Committee is entitled to cancel or claw back some or all of a participant's awards under predefined circumstances (**Clawback**), especially in but not limited to the case the Committee

- determines that financial results of the Company were materially misstated,
- forms the view that in assessing any performance conditions imposed on an Award assessment was based on an error, or on inaccurate or misleading information or assumption, or
- the individual ceases to be a director or employee of an ams Group member as a result of material misconduct on the part of the individual.

Such clawback may be applied through direct repayment or a reduction in unvested awards of future grants, or a reduction in such other payments as might otherwise be due from the Company to the individual.

Management Board Members have a shareholding requirement. Members of the Management Board shall have a qualifying interest in shares. The amount of this qualifying interest measured by the average weighted price of the shares over a period of the previous 12 (twelve) months is 300 percent of the base salary for the Chairman of the Management Board and 200 percent of the base salary for the other members of the Management Board. Half of the qualifying interest may be held in shares and half in vested options.

## Legacy LTI Plans – design

ams AG's legacy long-term incentive plans were designed to align Management remuneration with the Company's long-term strategic goals and the shareholder interest. To achieve this goal ams AG set-up two different types of long-term incentive plans over the years. The basic principle in all of those plans is that Management board members (and other key staff) are granted stock options if certain performance criteria are met. All existing plans were designed and established before this remuneration policy was developed.

- **Standard LTIs:** These are stock option programs which are regularly relaunched in line with market standards of leading international semiconductor and technology companies and serve the purpose to attract special talent & executives in the midst of an increasingly mobile global labor market (LTIP 2019).
- **Special LTIs:** In addition, plans are drawn up on an event-driven basis to incentivize strategically important projects, in particular in connection with more or less recent M&A

deals and integration projects (currently exercised plans: SSOP 2017, LTIP 2018, SSOP 2019).

All long-term incentive plans foster the alignment of the interests of Management board and shareholders by granting ams AG share options and are subject to key performance criteria linked to the Company's long-term strategy and sustainable increase of shareholder value and return. The plans seek to prevent inappropriate risk-taking and provide additional incentives to support strategic projects of particular importance to ams AG.

Currently 7 different long-term incentive plans are running and can (depending on the entitlement) contribute to the variable compensation. A current allocation is only made from the LTIP 2019, all other plans are legacy plans. The financial details of the individual long-term incentive plans are published within the annual ams Group consolidated financial statements. All existing plans were designed and established before this remuneration policy was developed.

All existing plans have performance criteria as foundation. These performance indicators (e.g. EPS, TSR) are linked to the strategic goals of ams AG and are in line with the shareholder interest. Vesting periods are defined, however they vary between the different plans. Each Award granted entitles the participant to purchase one no-par value share of ams AG. The total amount of outstanding options and Awards under all plans that can be converted into shares may at no point in time exceed 10% of the total share capital. There is also a cap on the number of stock options granted to each Management Board Member. This cap varies according to the specific role and responsibilities. There is a clawback clause included in all plans since 2014.

## Remuneration in kind and benefits and other benefits

Board members are provided with an upper-middle class passenger car for business and private purposes. The selection of the type of car considers the representative character of the company.

Furthermore, the Company enters into D&O insurance contracts for members of the Management Board for the duration of their respective Management Board function and takes out a private accident insurance policy for the benefit of the members of the Management Board.

Pension commitments for members of the Management Board are not provided and no early retirement schemes are established.

The company bears the cost of tax consulting for management board members especially if there are different tax legislations involved. This measure ensures that no reputational issues can result out of the taxation of the remuneration of Management Board members.

## Term and termination of the Management Board mandate

The employment contracts of the members of the Management Board are concluded for the duration of their mandate. Members of the Management Board are appointed for a period of three years by resolution of the Supervisory Board. Reappointments are permitted by resolution of the Supervisory Board on the recommendation of the Nomination Committee.

In accordance with section 75 (4) of the Austrian Stock Corporation Act (AktG), members of the Management Board may be dismissed from their position for good cause or may be dismissed if there is a reason for dismissal within the meaning of section 27 of the Austrian Salaried Employees Act (AngG). Consequently, the employment contract is terminated at the time of dismissal. In these cases or in the event of resignation from office without the consent of the Supervisory Board, the Management Board member concerned is not entitled to any remuneration for termination or other form of compensation in connection with the termination of the employment relationship.

In the absence of good cause or in the event of illness or accident, whereas the Management Board member is unable to perform his duties for three months and the reason for the impediment is not expected to be settled within the next three months, as well as in the event of occupational disability within the meaning of Section 273 of the General Social Insurance Act (ASVG), any termination compensation in connection with the termination of the employment relationship is due. This compensation for termination is limited in total to 200 percent of the annual remuneration of the last financial year of service. The amount of the compensation for termination is based on years of service with the company. Granted long-term incentive plans that remain in existence as described in subpara 5 of this clause do not stipulate compensation for the termination of the respective mandate.

Within the scope of the Corporate Staff and Self-Employment Provision Act (BMSVG), ams AG makes contributions to an employee provision fund in the statutory amount. There are no entitlements to a statutory severance payment from ams AG. If a claim for severance pay has arisen in connection with a previous employment relationship, prior to appointment to the Management Board, such claim may be granted in the amount contractually agreed upon after termination of the board function and the associated termination of the employment contract.

In the event of termination of the employment, all options granted that were not yet exercisable at that time expire, unless the reason for termination is retirement, ill health, injury or disability evidenced, redundancy or a decision by the responsible committee of the Supervisory Board. In this case, any options granted will remain in existence and may be exercised at any time until the expiry of the respective long-term incentive plans. Same applies in the event that ams AG has not made an indexed and equivalent (wertgesichertes und gleichwertiges Angebot) offer six months prior to the expiration of the employment contract of the member of the Management Board. Any options granted but not exercised beyond this date lapse.

## Possibilities of deviation from the Remuneration Policy

In accordance with Austrian Stock Corporation Act § 78a para. 8 a temporary deviation from the established remuneration policy is only permitted under exceptional circumstances, if the deviation is necessary to ensure the long-term development and profitability of ams AG. Deviations from the remuneration policy may only be exercised with respect to the variable remuneration components in exceptional circumstances (see point 2.3.2). An exceptional circumstance is defined as follows:

- Major changes in the legal or regulatory environment;
- Significant deterioration in the economic environment;
- Unforeseen resignation or dismissal of a member of the Management Board for good cause when equivalent replacement does not seem feasible within the scope of this compensation policy.

The Compensation Committee must examine whether exceptional circumstances exist and must submit a respective proposal for deviation from the established remuneration policy to the Supervisory Board for resolution. Once a resolution is passed, variable remuneration that deviates from the remuneration policy may be embedded in the concerning contracts.

## Appendix

### Summary of the main changes to the compensation policy (§ 78a (9) AktG in conjunction with § 78b (2) sentence 1 AktG)

In last year's advisory vote, some shareholders expressed concerns regarding our proposed policy on the remuneration of the Management Board (Remuneration Policy of the Management Board). We have taken all issues raised seriously and addressed them when revising the policy. We especially focused on the disclosure of certain aspects like the performance metrics used for incentives. In the review process, an external consultant advised the Compensation Committee.

We aimed at supporting the understanding of how the performance metrics of short-term and long-term remuneration are associated with the sustainable long-term growth and success of ams AG. We diligently disclosed all relevant elements in this revised version in order to meet the requirements on transparency in the interest of our shareholders.

We have paid particular attention to a clear and concise description of the individual compensation elements, their relative weightings and the underlying performance metrics. Additionally, we have added graphical and tabular overviews to increase comprehensibility.

In the following table we summarized the key changes and improvements of our Remuneration Policy for the Management Board compared to the version of the previous year:

	What was raised by investors	What we changed in our revised policy
<b>Structure and disclosure</b>	Some shareholders raised concerns on the level of disclosure in some parts of the policy. We also identified the need to increase transparency and visualization of the overall compensation structure as well as single elements.	In our revised policy, we increased the level of disclosure for all remuneration elements. We also emphasized on how the compensation structure of the Management Board contributes to the long-term development of ams AG and how it aligns with the interests of our shareholders. Furthermore, we made it more comprehensible by providing additional overviews and structural elements.
<b>Short-term Incentives</b>	Some shareholders raised concerns about the fact that the proposed compensation policy included the option of granting special bonuses in addition to the annual performance bonus. In addition, performance metrics and weightings for the annual performance bonus were not fully disclosed.	We eliminated the option to grant special bonuses in the revised policy.  Regarding the performance metrics and their weightings, we disclosed those. The policy now also provides further details on how the annual performance bonus works in detail.
<b>Long-term Incentives</b>	Regarding the long-term incentives, some shareholders would like to see more disclosure on functionality, key elements and underlying performance metrics.	We have disclosed the design elements and underlying performance metrics of our current equity incentive plan (LTIP 2019) in detail and included a summary of the legacy plans.
<b>Recovery Provisions</b>	Some shareholders raised concerns that our incentive structure does not include recovery provisions (e.g. clawback clauses).	Both our short-term and long-term compensation elements are subject to recovery provisions, which we have disclosed accordingly.

# Remuneration Policy for the Supervisory Board of ams AG

## Introduction

ams AG operates a two-tier system and therefore differentiates between the Management (Executive) Board and the Supervisory Board. The Supervisory Board consisting of external/independent members. This policy sets out the principles for the remuneration of the Supervisory Board of ams AG (for the Management Board there is a separate Remuneration Policy). It was established by resolution of the Supervisory Board on April 23<sup>rd</sup> 2021 and is to be applied for a maximum of four years starting after its presentation to the Annual General Meeting. In accordance with Section 78b (1) AktG and Section 98a AktG in conjunction with Section 78b (1) AktG in case of any significant changes the remuneration policy must also be submitted to the Annual General Meeting for approval.

The remuneration policy defines the principles on which the remuneration of the Supervisory Board of ams AG is based. Currently, a fixed compensation is granted to members of the Supervisory Board that is approved by the Annual General Meeting. Furthermore, the relevant criteria in this context, the respective procedure for determining the remuneration and any deviation from the remuneration policy are presented.

## Principles and procedure

### Principles

The remuneration of the Supervisory Board is designed to promote the long-term development and business strategy of ams AG. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams group. It appropriately reflects the responsibility and scope of activities of each individual member of the Supervisory Board. Furthermore, it represents a market adequate and attractive remuneration in order to attract and retain qualified members reflecting the responsibility of the Supervisory Board. In addition, it facilitates a professionally and personally balanced composition of the members, especially regarding diversity and internationality of the body.

### Procedure for the remuneration policy

The Supervisory Board is responsible for the preparation and regular review of the remuneration policy for the Supervisory Board. Remuneration within the underlying remuneration policy is determined annually at the Annual General Meeting based on a proposal by the Supervisory Board. The proposal to the Annual General Meeting may also be initiated by a shareholder. The binding

resolution on the remuneration of the members of the Supervisory Board by the Annual General Meeting avoids conflicts of interest in connection with the remuneration policy.

## Remuneration

The remuneration of the Supervisory Board consists of a uniform base remuneration for serving the company's Supervisory Board. Annual bonuses and stock options are not granted. In view of the extended scope of activities and the higher level of responsibility, the Chairman of the Supervisory Board, the Deputy Chairman, and the chairmen of committees are granted a higher base remuneration than ordinary members of the Supervisory Board.

The Annual General Meeting may resolve that the members of the Supervisory Board receive an attendance fee for attending meetings of the Supervisory Board or a committee. The Annual General Meeting may resolve the granting of a special remuneration for extraordinary activities of one of its members that go beyond the general duties of the Supervisory Board.

The Company enters into D&O insurance contracts for members of the Supervisory Board. The employee representatives on the Supervisory Board perform their functions on an honorary basis in accordance with section 110 (3) of the ArbVG and do not receive any remuneration. Each member of the Supervisory Board, including the employee representatives on the Supervisory Board, is entitled to reimbursement of reasonable cash expenses.

## Terms of office and termination

### Terms of office and termination of the Supervisory Board mandate

Unless the Annual General Meeting determines a different period of office, the Supervisory Board members are elected for a period of three years. The maximum number of years is 15. The Articles of Association do not provide for a staggered term of office for members of the Supervisory Board. The re-election of departing members is permitted.

Each member of the Supervisory Board may resign from office by written notification to the Chairman of the Supervisory Board. The resignation becomes effective four weeks after receipt, unless the resignation is declared for a differing date. The appointment of the Supervisory Board members may be revoked by the General Meeting before the end of the term of office by a resolution passed by 50% of the votes cast. If the function of a member of the Supervisory Board begins or ends during



the financial year, the remuneration described in point 3.3. is granted pro rata. A Supervisory Board member delegated by the Works Council may be dismissed by the Works Council.

### Deviation from the remuneration policy

A temporary deviation from the established remuneration policy is only permitted in exceptional circumstances (defined in point 2.5.), if the deviation is necessary to ensure the long-term development and profitability of ams AG. In such cases, the Annual General Meeting may, by passing a resolution, adjust the base remuneration of the individual members of the Supervisory Board to the economic situation of the company.