

**More
strategic
focus,**

**greater
transparency**

Remuneration report disclaimer

This remuneration report comprises information within the meaning of articles 2:135b Dutch Civil Code and Section 3.4.1 of the Dutch Corporate Governance Code.

This remuneration report is also published as part of ASML's Annual Report 2022. We have extensive guidelines for the lay-out and the content of our reports. These guidelines are primarily based on applicable laws and regulations. With respect to the preparation process of this remuneration report, we follow the requirements of Dutch law and regulations, and apply internal procedures to safeguard the completeness and accuracy of such information as part of its disclosure controls and procedures.

A definition or explanation of abbreviations, technical terms and other terms used throughout this remuneration report that require explanation can be found in the definitions section of the Annual Report 2022. In some cases, numbers have been rounded for readers' convenience.

Remuneration Report

Message from the Chair of the Remuneration Committee

A fair and balanced remuneration is our main priority, and this year we have looked to increase the level of transparency around how we reward management in order to attract the right talent.



Overall, starting from high standards, ASML's leadership set ambitious targets and was able to resolve and respond to many challenges."

Terri Kelly

Chair of the Remuneration Committee

Dear Stakeholder,

On behalf of the Remuneration Committee, I am pleased to present the 2022 Remuneration Report, which provides a summary of the remuneration policies for the Board of Management and the Supervisory Board. The following pages explain how these policies were applied in 2022.

From a personal perspective, my first full year as Chair has been challenging but highly enjoyable. Throughout, I have really appreciated the support I have received from both internal and external stakeholders. The Committee worked hard to engage with as many stakeholders as possible during the year. We built a sound understanding of the major issues around remuneration, particularly those around disclosure and incentives, and this enabled us to prepare a fair and balanced Remuneration Policy.

Broad support

These are early days during which we are closely monitoring the impact of the new policy to ensure that it has the desired effects. Our initial engagements with shareholders and shareholder representatives revealed that they were generally supportive. In particular, they were appreciative of the increased disclosure and of the ways in which the Supervisory Board proposed to address sensitivities around the higher pay levels.

However, some shareholders expressed concerns regarding our ability to attract and retain the right talent, given senior executive pay packages at ASML versus those at companies with which we compete in the global race for talent. Furthermore, some shareholders have raised questions around the level of ambition of the performance metrics in the long-term incentive (LTI), notably Relative Total Shareholder Return and employee engagement. We amended the threshold level for the employee engagement target following this feedback.

In addition, while the Works Council acknowledged the recruitment challenges we face and was positive about the Remuneration Policy for the Board of Management in many respects, it did have reservations regarding some matters including the short-term incentive (STI) – for example, the Works Council was concerned that internal factors such as process efficiency and employee well-being were not explicitly considered in the STI and that there were no explicit criteria regarding internal and societal fairness. Throughout 2022, the Remuneration Committee and the Works Council continued to engage constructively about these topics.

Message from the Chair of the Remuneration Committee (continued)

An eventful year, a strong team

The last 12 months have seen ASML continue to go from strength to strength, supported by a wonderful team of people who have again come together in uncertain times and done what is best for our company and for our customers.

A key factor that motivates our people across ASML is the opportunity to engage in meaningful work and make an impact. In an increasingly digital world, the work carried out at ASML is ultimately enabling innovative businesses to transform the way in which we all live by bringing new opportunities in areas from healthcare to agriculture, interconnectivity to climate change.

Nevertheless, fair and balanced remuneration must always be the top priority for our Remuneration Committee, and throughout the year we have continued to engage with stakeholders, not only ahead of the presentation of the new ASML Remuneration Policy at the 2022 AGM, but in the many months since.

During my time as Chair, I am committed to ensuring that engagement and collaboration continue to be the hallmarks of the ASML Remuneration Committee.

Changes to the Remuneration Committee

At the 2022 AGM, Hans Stork stepped down from the Remuneration Committee and the Supervisory Board, and I would like to thank him for his contribution over the past years.

We are delighted that Alexander Everke became a member of the Remuneration Committee after the 2022 AGM. It is important that the composition of the Remuneration Committee maintains a proper balance that drives a deep and broad understanding of ASML's business environment. Alexander brings with him valuable and extensive skills from a business and operational perspective. We have already benefited from his experience and input and look forward to continuing to work closely with him in the future.

Decisions made in 2022: Our new Remuneration Policy

In the first quarter of 2022, we finalized our review of the Remuneration Policy for the Board of Management. The Remuneration Committee and Supervisory Board concluded that it was appropriate to amend the Remuneration Policy for the Board of Management, as the last major revision took place in 2017 with only minor revisions having been made to compensation levels – primarily associated with the Short Term Incentive and Long Term Incentive plans. Since 2017, ASML has grown significantly and the context in which we operate has changed. The revised Remuneration Policy for the Board of Management was submitted to the 2022 AGM and was adopted with 93.18% support.

During our review, we took the opportunity to explore current market practice, stakeholder views and societal trends and expectations, as well as developments in corporate governance. We also asked our Board of Management members to share their views on the proposed amendments.

The main changes are outlined in the 2022 Remuneration Policy changes in the section Board of Management remuneration.

Transparency around remuneration

The Remuneration Report for the financial year 2021 was submitted to the 2022 AGM for an advisory vote. 84.59% of the votes were cast in favor. As part of our efforts to further improve transparency, we have added the ex-ante disclosure of the STI metrics for 2023 and the ex-ante disclosure of the LTI metrics and target levels for the 2023-2025 performance period. We have also continued to disclose the actual achievement levels. An exception is made in the case of sensitive information where disclosure is not in the interests of ASML or our shareholders.

Outlook

The development of an appropriate Remuneration Policy is an evolutionary process, and during 2022 the Remuneration Committee continued to evaluate both the Remuneration Policy itself and the changing landscape in which ASML operates. Our focus remains on ensuring that we have the right incentive measures in place and that we use the right metrics. Only then will we be able to drive the right behaviors and the correct outcomes.

This process will continue over the coming year. We have a degree of flexibility in the Remuneration Policy for the Board of Management to align the metrics with what is important to drive strategy, as well as an improved ability to make that vital connection between remuneration and strategy. We have made good strides toward being more transparent and are committed to making further changes to enhance transparency where practicable.

We will also continue to engage with all our stakeholders as well as with external advisers in 2023, ensuring that our decisions take account of best practice, stakeholder views and the wider societal perspectives on executive remuneration. In addition, we will continue to engage with the members of the Board of Management to gather their views on remuneration.

Finally, I would like to thank my fellow Remuneration Committee members for their support during the last year. Together, we have put in place a Remuneration Policy for the Board of Management that I believe will serve us well for the period to come. In the year ahead, we will work hard to continue this ongoing process.

Terri Kelly
Chair of the Remuneration Committee

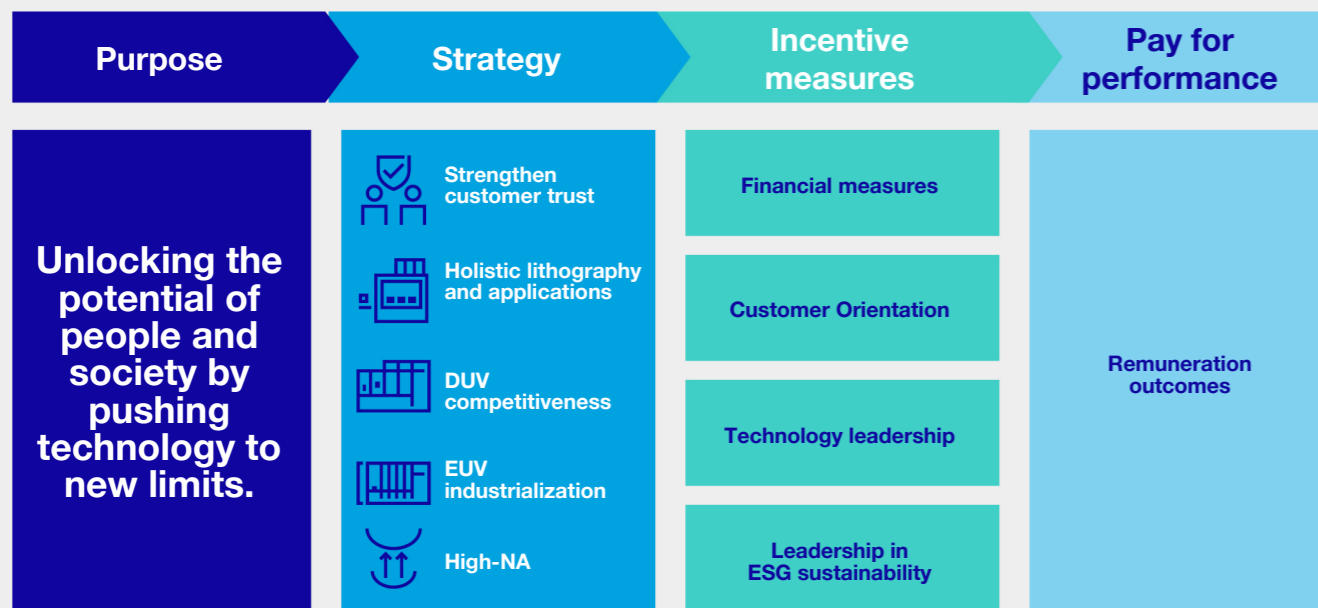
Remuneration at a glance

Remuneration is an essential tool to motivate and retain the right talent to continue to develop our technology.

Our remuneration principles for 2022 performance support long-term success and sustainable value

- Competitiveness** The remuneration structure and levels intend to be competitive in the relevant labor market, while at the same time taking into account societal trends and perceptions.
- Alignment** The remuneration policy is aligned with the short-term and long-term incentive policies for ASML senior management and other ASML employees and takes into account internal relativities.
- Long-term orientation** The policy and incentives focus on sustainable and long-term value creation.
- Compliance** ASML adopts the highest standards of good corporate governance.
- Simplicity and transparency** The policy and its execution are as simple as possible and easily understandable to all stakeholders.

Linking remuneration to purpose and strategy



How we performed in 2022

Financial (based on US GAAP)

€21.2bn Total sales (2021: €18.6bn)	€10.7bn Gross profit (2021: €9.8bn)	€6.5bn Income from operations (2021: €6.8bn)
€8.5bn Net cash provided by operating activities (2021: €10.8bn)	€14.14 Earning per share (2021: €14.36)	48.2% ROAIC (Non-GAAP measure) ¹ (2021: 34.2%)

Non-financial

8.1 Technology Leadership Index score (2021: 8.0)	10.8% Dow Jones Sustainability Index (2021: 12.1%)
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1. The ROAIC (Non-GAAP measure) is based on a three-year average by dividing the Income after income taxes by the Average Invested Capital. Average Invested Capital is calculated by taking the average of Total Assets minus Cash, Short Term Investments, Current liabilities and Long-term contract liabilities at the start and end of each quarter over three years. We believe that ROAIC is a meaningful measure because it quantifies our effectiveness in generating returns relative to the capital invested in our business over the past three years.

Relative TSR - ASML vs PHLX



Remuneration at a glance (continued)



We aim to align the total remuneration for our Board of Management to our business strategy through a combination of fixed pay and short- and long-term incentives, underpinned by stretching performance targets.

€17.0m
Total remuneration

99.1%
Achieved of STI target

182.2%
Achieved of LTI target

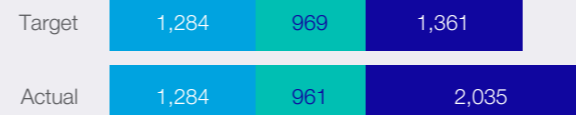
34:1
CEO vs. average per FTE
(based on US GAAP)

Board of Management

Remuneration summary

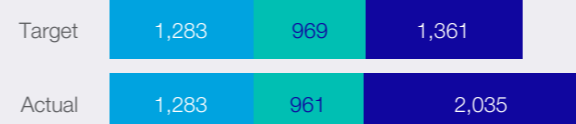
Peter T.F.M. Wennink

Total remuneration 2022 (€'000s)

€4,280

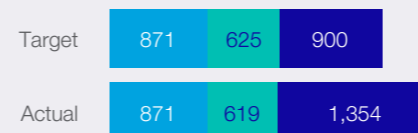
Martin A. van den Brink

Total remuneration 2022 (€'000s)

€4,279

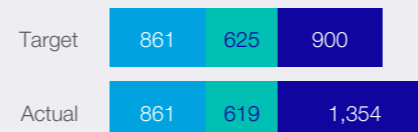
Frédéric J.M. Schneider-Maunoury

Total remuneration 2022 (€'000s)

€2,844

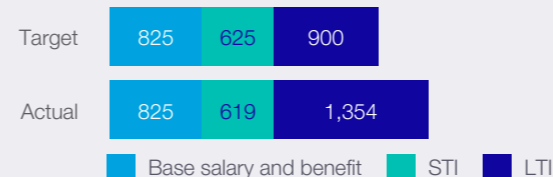
Roger J.M. Dassen

Total remuneration 2022 (€'000s)

€2,834

Christophe D. Fouquet

Total remuneration 2022 (€'000s)

€2,798

■ Base salary and benefit ■ STI ■ LTI

Stakeholder engagement in 2022

During 2022, we consulted with our large shareholders and other stakeholders. The Remuneration Committee also consulted the views of the Board of Management.

Shareholders

Number of organizations met	10
Number of meetings	10
Percentage of issued share capital owned	22%

Shareholders representatives and proxy advisers

Number of organizations met	3
Number of meetings	3

Works Council

Number of organizations met	1
Number of meetings	>5

Remuneration Committee

Remuneration Committee

The Remuneration Committee advises the Supervisory Board and prepares the Supervisory Board's resolutions with respect to the remuneration of the Board of Management and the Supervisory Board.

Members:

- Terri Kelly (Chair)
- Annet Aris
- Alexander Everke
- Rolf-Dieter Schwalb

Each member is an independent, non-executive member of our Supervisory Board in accordance with the NASDAQ Listing Rules. Ms. Kelly is neither a former member of our Board of Management, nor a member of the management board of another company. Currently, no member of the Remuneration Committee is a member of the management board of another Dutch listed company.

Main responsibilities:

- Overseeing the development and implementation of the Remuneration Policy for the Board of Management and preparing the Supervisory Board Remuneration Policy;
- Reviewing and proposing to the Supervisory Board corporate goals and objectives relevant to the variable part of the Board of Management's remuneration;
- Carrying out scenario analyses of the possible financial outcomes on the variable remuneration of meeting these goals, as well as exceeding these goals, before proposing these corporate goals and objectives to the Supervisory Board for approval; and
- Evaluating the performance of the members of the Board of Management in view of those goals and objectives, and – based on this evaluation – recommending to the Supervisory Board appropriate compensation levels for the members of the Board of Management.

The Committee will continue to monitor the Board of Management's performance and make recommendations around compensation levels.

Recurring agenda topics (quarterly)

- Remuneration of the Board of Management
- Remuneration of the Supervisory Board
- Update on performance on targets for short- and long-term incentives

Attendance

In addition to the Remuneration Committee members, the Remuneration Committee generally invites the CEO, the EVP HRO, the Head of Compensation and Benefits and in some instances also the CFO to attend (parts of) its meetings. The Remuneration Committee's external adviser is also invited to attend the Remuneration Committee meetings when deemed necessary.

The below overview provides details on the topics discussed during Remuneration Committee meetings in 2022.

Q1

- Short Term Incentive Plan: Performance 2021, pay-out 2021 and targets 2022
- Long Term Incentive Plan: share vesting performance period 2019-2021, and conditional grant and targets performance period 2022-2024
- Remuneration Report 2021
- Self-evaluation of Remuneration Committee
- Board of Management Remuneration Policy review including stakeholder outreach
- Compliance with share ownership requirements

Q2

- No meetings

Q3

- Progress STI and LTI targets and metrics
- Customer Orientation metric
- Latest trends in policies and reporting
- Report on interaction with the Works Council
- Board of Management remuneration 2023, including selection of STI and LTI metrics

Q4

- Progress STI and LTI targets
- Board of Management remuneration 2023, including selection of STI and LTI metrics
- Benchmark on Supervisory Board remuneration
- Update on corporate governance developments: remuneration
- Engagement of external auditor for agreed-upon procedures on remuneration
- Draft Remuneration Report 2022
- Compliance Board of Management members with share ownership guideline
- Share planning AGM period 2023-2024

Remuneration Committee (continued)

Remuneration of the Board of Management

In Q1 2022, the Remuneration Committee finalized its fundamental review of the Remuneration Policy for the Board of Management. During this process, the Remuneration Committee was supported by an external remuneration adviser. Before proposing to amend the Remuneration Policy for the Board of Management to the General Meeting, the Remuneration Committee consulted extensively with shareholders, shareholder representatives and other stakeholders, including the Works Council of ASML Netherlands B.V. For more information about the stakeholder feedback, reference is made to the 2022 AGM page on our website.

On April 29, 2022, the Supervisory Board, upon recommendation of the Remuneration Committee, proposed to the General Meeting to amend the Remuneration Policy for the Board of Management. The amended policy was adopted at the 2022 AGM. A summary of the main changes compared with the previous Remuneration Policy is included in this Remuneration Report.

The Remuneration Committee made recommendations to the Supervisory Board concerning the total remuneration package of the Board of Management and the variable remuneration consisting of an STI in cash and an LTI in shares. The Remuneration Committee proposed 2022 targets for the Board of Management's variable remuneration to the Supervisory Board. During the year, the Remuneration Committee closely monitored the Board of Management's performance. It provided recommendations to the Supervisory Board regarding the achievement of the 2022 targets and related compensation levels for the Board of Management members.

In proposing and evaluating the Board of Management's performance in relation to the corporate goals and objectives for the variable remuneration of the Board of Management members, the Remuneration Committee closely cooperates with the Audit Committee and the Technology Committee.

At the end of 2022 we performed a light review of Board of Management remuneration levels. Since the 2022 STI and LTI at-target levels were below the maximum at-targets levels allowed by the 2022 Remuneration Policy, the RC wanted to determine if an increase of these at-target levels for 2023 was desirable. The outcome of this review is that the Supervisory Board decided to increase the at-target levels for the STI from 95% to 105% for the Presidents and from 90% to 95% for the non-Presidents. For the LTI the increase will be from 160% to 170%.

The Remuneration Committee has taken note of the views of the individual members of the Board of Management with regard to the amount and structure of their remuneration.

The shareholding positions of the Board of Management members were reviewed by the Remuneration Committee in order to assess compliance with the share ownership guideline as included in the Remuneration Policy for the Board of Management.

The Remuneration Committee also prepared the Remuneration Report, which details the remuneration of members of the Supervisory Board and the Board of Management.

Increased transparency around remuneration

In our engagements with stakeholders during 2022, we received valuable feedback on the Remuneration Report, in particular on further improving transparency around remuneration. We have taken this feedback into consideration, and as a result, we have implemented several changes in the 2022 Remuneration Report. For example, we now include ex-ante disclosures of the selected STI metrics and of the selected LTI metrics and target levels (where this is not contrary to the strategic and/or commercial interests of ASML).

The Remuneration Committee engaged the external auditor to perform certain agreed-upon procedures regarding the reported performance by the Board of Management on the Short Term Incentive Plan 2022 and Long Term Incentive Plan for performance period 2020-2022.

Remuneration of the Supervisory Board

The current Remuneration Policy for the Supervisory Board was adopted by the General Meeting at the 2021 AGM. In 2022, the Remuneration Committee discussed the latest trends in policies and reporting and performed the recurring bi-annual benchmark of Supervisory Board remuneration. Based on the outcome of this review, we intend to submit a proposal for implementing some adjustments to the Remuneration Policy for the Supervisory Board at the 2023 AGM. The proposal will be set out in the convocation notice for the 2023 AGM, which will be published in March 2023.

The Remuneration Committee also reviewed the Remuneration Report, which details the remuneration of the members of the Supervisory Board.

Board of Management remuneration

In this section of the Remuneration Report, we provide an overview of the Remuneration Policy for the Board of Management, which was adopted by the General Meeting on April 29, 2022, and has applied as of January 1, 2022 onwards. It also contains information about the execution of the Remuneration Policy for the Board of Management as well as details of the Board of Management members' actual remuneration for the financial year 2022. The Remuneration Policy for the Board of Management can be found in the Governance section of our website.

Remuneration Policy

Remuneration as a strategic instrument

The 2022 Remuneration Policy for the Board of Management supports the strategy, long-term interests and sustainability of ASML in a highly dynamic environment, while aiming to fulfill all stakeholders' requirements and keeping an acceptable risk profile. More than ever, the challenges for ASML are to drive technology, to serve our customers and to satisfy our stakeholders. These drivers are embedded in the identity, mission and values of ASML and its affiliated enterprises and are the backbone of the 2022 Remuneration Policy for the Board of Management. The Supervisory Board ensures that the 2022 Remuneration Policy for the Board of Management and its implementation are linked to ASML's objectives. A direct way in which this is achieved is by determining performance measures and setting targets with respect to variable compensation that are linked to our short-term and long-term ambitions. More indirectly, we want to ensure that our 2022

Remuneration Policy for the Board of Management enables ASML to attract, motivate and retain qualified industry professionals for the Board of Management in order to define and achieve our strategic goals. This is reflected by our drive to determine a remuneration structure and remuneration levels that intends to be competitive in the relevant labor market, while at the same time being aware of societal trends and perception. Therefore, the 2022 Remuneration Policy for the Board of Management acknowledges the internal and external context as well as our business needs and long-term strategy.

The 2022 Remuneration Policy for the Board of Management is designed to encourage behavior that is focused on long-term value creation and the long-term interests and sustainability of ASML, while adopting the highest standards of good corporate governance. The 2022 Remuneration Policy for the Board of Management is aimed at motivating the Board of Management members to achieve outstanding results, using a combination of non-financial and financial performance measures as well as an appropriate ratio between base salary and variable compensation. Technology leadership, customer value creation and employee engagement are the key drivers of sustainable returns to our shareholders.

Remuneration principles

The remuneration philosophy that ASML applies for all its employees includes the principle that ASML wants to be competitive in its relevant labor markets and pay what is fair in such markets, while maintaining internal consistency in reflecting differences in size and complexity of individual responsibilities. The Supervisory Board applies the same principle for the Board of Management of ASML and in doing so takes the pay and employment conditions for the ASML employees into account when formulating the Remuneration Policy for the Board of Management. The level of stakeholder support, including the support of society, for the Remuneration Policy for the Board of Management that ASML applies is important to us and is also taken into account when formulating the various elements of the policy. While revising the Remuneration Policy for the Board of Management, the Supervisory Board considered the external environment in which the Company operates, the relevant statutory provisions and provisions of the Dutch Corporate Governance Code and competitive market practice as well as the guidance issued by organizations representing institutional shareholders. The Supervisory Board's Remuneration Committee engaged extensively with various stakeholders to obtain their perspectives. These stakeholders included ASML's shareholders, shareholder interest organizations, proxy advisers and the Works Council of ASML Netherlands B.V. We received a high level of support for the revised Remuneration Policy at the 2022 AGM, with 93.18% of votes in favor. The Works Council was asked to provide advice on the proposed amended Remuneration Policy. The Works Council took the position that it did not fully support the proposed amendment and had some serious concerns. The Works Council and a delegation of the Supervisory Board

continued the dialogue on this topic throughout the course of 2022. A detailed overview of the stakeholder feedback is published on ASML's website (asml.com/agm2022). In line with the Dutch Corporate Governance Code, the members of the Board of Management have been asked to share their views on the proposed amendments of their own remuneration. Furthermore, advice has been obtained from an external remuneration expert.

The 2022 Remuneration Policy for the Board of Management is built on the following principles:

- Competitiveness: The remuneration structure and levels intend to be competitive in the relevant labor market, while at the same time taking into account societal trends and perceptions;
- Alignment: The policy is aligned with the Short-term Incentive and/or Long-term Incentive Policy for ASML senior management and other ASML employees and takes into account internal relativities;
- Long-term orientation: The policy and incentives focus on sustainable and long-term value creation;
- Compliance: ASML adopts the highest standards of good corporate governance; and
- Simplicity and transparency: The policy and its execution are as simple as possible and easily understandable to all stakeholders.

Board of Management remuneration (continued)

Reference group and market positioning

Similar to the remuneration philosophy for all ASML employees, we aim to offer the members of the Board of Management a remuneration package that is competitive compared with a relevant labor market. To define this market, we created a reference group consisting of companies that are comparable to ASML in terms of size and complexity, industry or business profile, data transparency and geographical area. The reference group may include Dutch and international companies where members of the Board of Management might be recruited to and from.

For as long as ASML is positioned around the median of the group of companies with respect to size (measured by enterprise value, revenue and number of employees) and thus complexity, the median market level may serve as a reference in determining the level of remuneration for the Board of Management.

As ASML is a Dutch-headquartered company, the Supervisory Board also takes into account the external environment in which the Company operates in the Netherlands, and furthermore considers competitive market practices as well as guidance issued by organizations representing institutional shareholders in the Netherlands, and has decided for the 2022 remuneration policy not to follow the (high) international market level for long-term incentives (LTI) and to cap the maximum target LTI award at 200% of base salary. This means that the reference to a median market level described above will be used for the cash compensation only (i.e. the base salary and the short-term incentive (STI), as the LTI will be capped).

As ASML has a dual presidency and considers the two presidents of equal weight and importance to the Company, the Supervisory Board has decided to continue the Company's longstanding practice that the relevant benchmark reference level for the two presidents is the average of the CEO level and that of the other members of the Board of Management in the labor market data, instead of benchmarking against CEO data only. For the other members of the Board of Management, the Supervisory Board has applied the average of all non-CEO members of the Board of Management in the benchmark as relevant reference, instead of differentiating between members of the Board of Management.

In principle, a benchmark of the Board of Management remuneration is conducted every two years. In the year without a market assessment, the Supervisory Board considers the appropriateness of any change of base salary, taking into account the market environment as well as the salary adjustments for other ASML employees. To ensure an appropriate composition of the relevant labor market, the Supervisory Board reviews the composition of the reference group at the time a benchmark is conducted. The composition of the reference group may be adjusted as a result of takeover transactions, mergers or other corporate activities. Substantial changes applied to the composition of the reference group will be proposed to shareholders.

The current reference group consists of the following companies:

Current reference group composition

European companies with focus on long-term technology/ industrial engineering/R&D	Semiconductor manufacturing companies	Semiconductor equipment companies
ABB	Broadcom	Applied Materials
Airbus	Intel	Lam Research
Dassault Systèmes	Qualcomm	
Infineon Technologies		
Linde		
Medtronic		
Novartis		
NXP Semiconductors		
Philips		
Roche		
SAP		
Schneider Electric		
Shell		
Siemens		
Siemens Healthineers		

Board of Management remuneration (continued)

Total direct compensation

The remuneration levels are determined using the Total Cash Compensation (TCC). TCC consists of base salary and variable remuneration in the form of an STI. A capped LTI is added to the TCC, which together constitutes the total direct compensation.

Base salary

The 2022 Remuneration Policy for the Board of Management prescribes a benchmark that will only be conducted for the TCC level. The base salary of Board of Management members is derived from this TCC level. The actual base salary and annual increases will be reported in the Remuneration Report. The base salary for the Board of Management for the reporting year 2022 is disclosed in the table 'Total remuneration Board of Management'.

Variable compensation

The variable compensation consists of the STI and the LTI. The performance metrics are set by the Supervisory Board and consist of financial and non-financial metrics in such a way that an optimal balance is achieved between the various Company objectives, both in the short term and the long term. By doing so, we ensure that the variable compensation contributes to the strategy, long-term interests and sustainability of the Company. The Supervisory Board may adjust the performance metrics and their relative weighting of the variable income based on the rules and principles as outlined in the 2022 Remuneration Policy for the Board of Management of ASML Holding N.V., if required by changed strategic priorities in any given year. The Supervisory Board assesses the extent to which performance metrics are met at the end of a performance period.

The 2022 Remuneration Policy for the Board of Management contains maximum levels for the STI and the LTI for on-target performance. These maximum levels can be implemented if ASML's relative positioning in the reference group is at least equal to the median (in terms of size). For 2022, the target STI levels were lower, namely 95% for the presidents and 90% for the other members of the Board of Management, aligned with a positioning in the reference group slightly below the median (in terms of size) at the time of designing the Remuneration Policy, and applying a gradual transition into the new policy levels. For the same reason, the target LTI level for 2022 was 160% of base salary for all members of the Board of Management.

The Supervisory Board has the discretionary power to adjust the incentive pay-out upward or downward if it feels that the outcome is unreasonable due to exceptional circumstances during the performance period.

Scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Board of Management have been conducted.

The following table represents the variable pay as percentage of base salary for the Board of Management in the case of on-target performance.

Maximum variable compensation (on-target)	Market reference	Variable pay as % of base salary (maximum)	2022 Variable pay as % of base salary (on-target)
Short-term incentive	Determined based on ASML's relative position in the reference group capped at 50th percentile	Presidents: 120% Other members: 100%	Presidents: 95% Other members: 90%
Long-term incentive	Maximum on-target LTI is capped at 200% of base salary	200.0 %	160.0 %
Total		Presidents: 320% Other members: 300%	Presidents: 255% Other members: 250%

Board of Management remuneration (continued)

Summary of 2022 Remuneration Policy Board of Management

The elements of the 2022 Remuneration Policy for the Board of Management and their link to the strategy of ASML are summarized below.

Summary of 2022 Remuneration Policy



Fixed remuneration (base salary)

Link to strategy/rationale

Attract, motivate and retain qualified industry professionals for the Board of Management in order to define and achieve strategic goals.

2022 policy

Benchmark

- Consisting of 20 most relevant technology and R&D oriented companies, including ASML's talent competitors and business peers and (indirect) customers
- Composition of companies in the reference group takes into account ASML's geographic location – it's weighted toward European companies (75% weighting), with some US companies (25% weighting)

STI (cash bonus)

Link to strategy/rationale

Ensure a balanced focus on both the (financial) performance of ASML in the short term, and the sustained company future in terms of technological advancement and customer satisfaction, fueling long-term success.

2022 policy

- Maximum target STI: 120% of base salary for the presidents and 100% for the other BoM members
- 2022 target STI: 95% of base salary for the presidents and 90% for the other BoM members

The weight of the individual STI performance metrics is as follows:

- 60% Financial
- 20% Technology Leadership Index
- 20% Customer Orientation

LTI (share-based incentive)

Link to strategy/rationale

Contribute to the strategy, long-term interests and sustainability of ASML using performance measures which balance the direct interest of ASML's investors, the long-term financial success of ASML, the long-term continuation of technological advancement and the environmental and social dimensions of sustainability.

2022 policy

Maximum target LTI: capped at 200% of base salary
2022 target LTI: 160% of base salary

The weight of the individual LTI performance metrics is as follows:

- 30% Relative TSR
- 20-30% ESG measures; 2022 weight: 20%
- 20-30% Technology Leadership Index; 2022 weight: 20%
- 20-30% Strategic value drivers; 2022 weight: 30%

Other elements of fixed remuneration (pension and other benefits)

Link to strategy/rationale

Contribute to the competitiveness of the overall remuneration package and create alignment with market practice.

2022 policy

- Pension arrangement based on the 'excedent' (supplementary) arrangement for ASML employees in the Netherlands – a defined contribution plan
- Expense reimbursements, such as company car costs, travel expenses, representation allowances, housing costs (gross amount before taxes), social security costs and health and disability insurance costs

Share ownership guidelines

Link to strategy/rationale

Requirement for a minimum share ownership by members of the Board of Management. Ensure alignment between the interests of the Board of Management members and ASML's long-term value creation.

2022 policy

- Presidents three times annual base salary, other Board members two times annual base salary
- 5-year period to comply for new members
- Supervisory Board has discretion to allow a temporary deviation in extraordinary circumstances
- Any shortfall will be remediated through the next vesting of shares

Board of Management remuneration (continued)

2022 Remuneration Policy changes

Remuneration benchmarking

Reference group	2021 policy	2022 policy
	<ul style="list-style-type: none"> – Consisting of similar-sized European companies from various industry sectors 	<ul style="list-style-type: none"> – Consisting of 20 most relevant technology and R&D orientated companies, including ASML's competitors and business peers and (indirect) customers – Composition of companies in reference group takes into account ASML's geographic location – it's weighted toward European companies (75% weighting), with some US companies (25% weighting)

Incentive levels

	2021 policy	2022 policy
STI	<ul style="list-style-type: none"> – Target: 80% base salary (presidents and other BoM members) 	<ul style="list-style-type: none"> – Phased increase from 80% of base salary to 120% of base salary for presidents and 100% for the other BoM members
LTI	<ul style="list-style-type: none"> – Target: 120% base salary (presidents and other BoM members) 	<ul style="list-style-type: none"> – Phased increase from 120% of base salary to 200% of base salary for presidents and other BoM members

Performance measures

	2021 policy	2022 policy
STI	<p>The weight of the individual performance metrics:</p> <ul style="list-style-type: none"> – 60% Financial – 20% Technology Leadership Index – 20% Market Position 	<p>The weight of the individual performance metrics:</p> <ul style="list-style-type: none"> – 60% Financial – 20% Technology Leadership Index – 20% Customer Orientation
LTI	<ul style="list-style-type: none"> – Threshold pay-out at -20% versus the PHLX index – (Threshold pay-out as 50% of target) <p>The weight of the individual performance metrics:</p> <ul style="list-style-type: none"> – 40% ROAIC – 30% Relative TSR – 20% Technology Leadership Index – 10% Sustainability 	<ul style="list-style-type: none"> – Proposed performance incentive zone adjusted into percentile-based relative TSR ranking approach instead of fixed range – Reduced vesting level pay-out with 25th percentile performance at 25% of target <p>The weight of the individual performance metrics:</p> <ul style="list-style-type: none"> – 30% Strategic value drivers – 30% Relative TSR – 20% Technology Leadership Index – 20% ESG

Board of Management remuneration (continued)

Remuneration of Board of Management in 2022

The remuneration of the Board of Management for the financial year 2022 is an implementation of and complies with the 2022 Remuneration Policy for the Board of Management, as further explained below. As such, the remuneration of the Board of Management in 2022 contributed to the objectives of the 2022 Remuneration Policy for the Board of Management and, as a result, to ASML's strategy aimed at long-term value creation. Scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Board of Management have been conducted.

Base Salary

The base salaries of the members of the Board of Management were set at the beginning of 2022. The Supervisory Board decided not to apply a base salary increase for 2022 compared with 2021 levels, as the base salary was considered competitive compared with the reference group. For 2022 base salary levels, reference is made to the section Total remuneration Board of Management.

Short-term incentive 2022

The financial and non-financial target levels for the STI were set at the beginning of the 2022 financial year in accordance with the 2022 Remuneration Policy for the Board of Management and taking into account the annual plan (forecast) for 2022. The rationale for amending the Remuneration Policy of the Board of Management including replacement of certain STI metrics is included in the 2022 Remuneration Policy for the Board of Management of ASML Holding N.V.

For the STI, the Supervisory Board selected the financial performance metric below, taking into consideration ASML's business challenges and circumstances in 2022:

- EBIT Margin %, measuring Income from operations as percentage of Total net sales

In addition, the following non-financial performance metrics applied for the STI in 2022:

- Customer Orientation: This metric consisted of four equally weighed sub-targets measuring ASML's positioning in the market and its performance in terms of customer experience, customer satisfaction and quality. The sub-targets were: the Applications market share of YieldStar and HMI Single Beam, as these are segments of the Applications market where ASML faces intense competition; DUV output in terms of systems, in light of the 2022 supply-demand situation; EUV availability of the NXE:3600D tool, which is a key metric reflecting the quality of the performance of our tools at the customer site and as such is considered an appropriate metric to measure customer satisfaction; and overall customer satisfaction, which was measured using an external benchmark: the VLSI Survey.

- Technology Leadership Index: A set of internal targets related to ASML's product and technology roadmaps. The index measures the technological progress made by ASML over the relevant performance period, supporting our efforts to drive innovation and thereby helping our customers achieve their goals and realize new technology and applications. The Technology Leadership Index for 2022 consisted of a list of 18 key projects in Applications, DUV and EUV. Among others, these projects related to improvements in inspection and metrology systems, manufacturing capacity expressed in wafers per day, component commonality to decrease costs and the power of the (EUV) light source. Exact details of the key projects included in the Technology Leadership Index are not disclosed, given that this would be detrimental to the Company and its stakeholders from a competitive and strategic point of view. To calculate the Technology Leadership Index performance, each project is scored between 1 and 10; the overall Technology Leadership Index score is the average of the 18 individual scores. Both the STI and LTI make use of the Technology Leadership Index as a qualitative performance measure. The objectives are the same for both, but the applicable measures, targets and performance periods are different and aligned with specific short- and long-term strategic priorities.

After the end of the performance period, the Supervisory Board assessed the performance achieved against the targets, in cooperation with the relevant subcommittees: the Technology Committee, Audit Committee and Remuneration Committee. The target and actual achievement levels for the STI performance criteria are set out in the table below, excluding information which qualifies as commercially or strategically sensitive. The Supervisory Board considers disclosure of this information not to be in the interest of ASML and its stakeholders. In view of transparency, we report performance for these metrics as percentage of target.

Board of Management remuneration (continued)

	Performance targets ¹				Actual outcome	Pay-out ² % target
	Weight	Threshold	Target	Stretch		
EBIT Margin (%) (Non-GAAP measure)	60%	33%	35%	37%	34.5 %	88.1 %
Customer Orientation	20%					105.0 %
<i>Consisting of the following equally weighted sub-targets:</i>						
Applications market share	5%		*			120.0 %
DUV output (systems)	5%		*			— %
EUV availability	5%		*			150.0 %
VLSI customer survey	5%	Top 5	Top 3	Top 2	Top 2	150.0 %
Technology Leadership Index	20%	4	6	10	8.1	126.3 %
Total	100%					99.1 %

1. Certain performance targets (*) are not disclosed due to strategic or commercial sensitivity.

2. The pay-out % is based on the pay-out levels as included in the Summary of 2022 Remuneration Policy Board of Management.

The 2022 EBIT Margin % (Non-GAAP measure) of 30.7% is calculated as Income from operations of €6,501 million divided by Total net sales of €21,173 million.

The Supervisory Board applied an adjustment for fast shipments on the STI financial performance metric EBIT Margin % result. The rationale behind this decision is that fast shipments are a change in the business model made on request of our customers; the Board of Management decided to honor these customer requests, as this was considered the best decision in the interest of ASML and its stakeholders, especially also in light of the global chip shortage; however, fast shipments lead to a delay in revenue recognition and as such have a negative impact on the EBIT Margin %. Considering the foregoing, the Supervisory Board decided to normalize the EBIT Margin % result for these fast shipments. The adjustment for the delay in revenue recognition due to fast shipments results in an EBIT margin % of 34.5% and a total STI pay-out as % of target of 99.1% compared with 46.3% without adjustment.

The composition of customer performance changed, since DUV is now measured based on output in systems. Performance in the other sub targets was comparable to last year.

The actual outcome for Technology Leadership Index of 8.1 is in line with last year performance.

The total STI outcome for current Board of Management results in a cash pay-out of €3.8 million, representing a payout as % of target of 99.1%.

Short-Term Incentive 2023

For 2023, the Supervisory Board has decided to apply the following STI performance measures:

	Weight
EBIT Margin (%) (Non-GAAP measure)	60%
Customer Orientation	20%
<i>Consisting of the following equally weighted sub-targets:</i>	
Applications market share	5%
DUV output (systems)	5%
EUV availability	5%
TechInsights (f.k.a. VLSI) customer survey	5%
Technology Leadership Index	20%
Total	100%

In setting the target levels for the performance metric EBIT Margin % for 2023, the Supervisory Board has taken the assumption that the timing of revenue recognition of fast shipments will be the same as it was in 2022, in line with the 2022 normalization applied for fast shipments. In case of any change in accounting treatment, which would no longer result in a delay in revenue recognition, the Supervisory Board intends to increase the EBIT Margin % target levels accordingly.

Board of Management remuneration (continued)

Board of Management Remuneration in 2022 – Long-term incentive

Conditionally granted Long-term incentive 2022–2024 Plan in 2022

At the beginning of 2022, 19,105 performance shares were conditionally granted to the current members of the Board of Management for the 2022-2024 LTI performance plan. These conditional grants are based on the maximum achievable opportunity.

At the beginning of 2022, the Supervisory Board, in line with the recommendation of the Remuneration Committee, selected the performance metrics to be used to measure ASML's performance related to strategic value drivers and ESG Sustainability. The Supervisory Board also set the target levels related to all performance metrics for the 2022–2024 LTI Plan, as listed below. This was done taking into account the long-term product roadmap, ESG goals and the long-term financial plan, thereby ensuring alignment between the various targets and ASML's long-term strategic priorities and encouraging behavior focused on long-term value creation. The rationale for amending the Remuneration Policy of the Board of Management including replacement of certain LTI metrics is included in the 2022 Remuneration Policy for the Board of Management of ASML Holding N.V.

For the 2022-2024 LTI Plan, the following performance metrics apply, in accordance with the 2022 Remuneration Policy for the Board of Management:

- Total shareholder return vs. Index (TSR): Measuring ASML's relative change in share price, plus dividends paid over the relevant performance period. The TSR is calculated as the difference between (i) the average (closing) share price during the last quarter of the performance period and (ii) the average (closing) share price during the quarter preceding the performance period; in the calculation, dividends are reinvested at the ex-dividend date. The TSR of ASML (calculated with the ASML New York share) is compared with the PHLX Semiconductor Sector Index. This NASDAQ index is designed to track the performance of a set of companies engaged in the design, distribution, manufacture and sale of semiconductors. There are two versions of this index, a price return index and a total return index, the latter of which has been chosen (NASDAQ: X.SOX), as this index reinvests cash dividends, equivalent to the TSR definition described above.
- Strategic value driver: Normalized three-year average cash conversion rate is a measure to ensure a focus on balance sheet and cash generation, in addition to the focus on margin that is already part of the 2022 STI (by including EBIT Margin). The Normalized Cash Conversion Rate percentage is calculated over a three-year average by dividing Normalized Free Cash Flow (non-GAAP measure) by Net Income. Free Cash Flow is a non-GAAP measure and is defined as net cash provided by operating activities minus purchase of property, plant and equipment and purchase of intangible assets. Normalized Free Cash Flow (non-GAAP measure) is Free Cash Flow (non-GAAP measure) excluding early payments received in a certain financial year from customers without a contractual payment obligation in that financial year.

- Technology Leadership Index: A qualitative measure which is also applied for the STI. As a metric for the LTI, the Technology Leadership Index is more forward looking than its STI equivalent. It consists of targets to be achieved three years ahead, two years ahead and in the coming year. Each year, new targets are defined for the period three years ahead. The targets for two years ahead are based on the prior-year targets (that were three years ahead at that time) and a correction factor on the score (up or down) depending on whether targets appeared to be easier or more difficult to achieve. The same approach is utilized for subsequent years. The total score for the Technology Leadership Index over the three-year performance period is the average of the scores over the three years, including the relevant correction factors applied on each year's score.
- ESG: A qualitative measure consisting of three equally weighted sub-targets: (1) EUV energy use per wafer pass, (2) employee engagement and (3) the percentage of female employees in a job grade 13+.

Performance metric	Weight	Performance targets		
		Threshold	Target	Maximum
Relative TSR	30%	Lower quartile	Median	Upper quartile
Normalized three-years average Cash Conversion Rate %¹	30%	80.0%	90.0%	95.0%
ESG Measures	20%			
Consisting of:				
EUV energy use per wafer pass		7.0 kWh	6.5 kWh	6.0 kWh
Employee engagement		X2 – 4% point	X2 – 3% point	X2
% female representation in JG13+		10%	12%	14%
Technology Leadership Index	20%	4	6	10
Total	100%			

1. The Normalized three-year average Cash Conversion Rate % (CCR) is calculated by dividing Normalized Free Cash Flow (Non-GAAP measure) by Net Income (three-year average). Free Cash Flow (Non-GAAP measure) is normalized by excluding early payments received in a certain financial year from customers without a contractual payment obligation in that financial year.

2. X = top 25% companies.

Board of Management remuneration (continued)

Vesting under the Long-Term Incentive 2020–2022 Plan

Following the end of the three-year performance period 2020-2022, the Supervisory Board assessed the performance achieved against the LTI targets, in cooperation with the Technology Committee, Audit Committee and Remuneration Committee. The performance metrics that applied to the LTI 2020-2022 Plan were Relative Total Shareholder Return vs. Index, Return on Average Invested Capital (ROAIC), Technology Leadership Index and Sustainability, in accordance with the 2020 Remuneration Policy for the Board of Management. The target and actual achievement levels for the LTI performance criteria based on the Remuneration Policy for the Board of Management are set out in the table below.

Performance metric	Performance targets					Actual performance	Pay-out % ²
	Weight	Threshold	Target	Exceed	Stretch		
Relative TSR	30%	(20%)	0%	n/a	20%	41.4%	200%
ROAIC¹	40%	29.5%	31.0%	32.5%	34.0%	48.2%	200%
Technology Leadership Index	20%	4	6	8	10	8.3	158.3%
Sustainability	10%	≤13.5%	≤11%	n/a	≤6%	10.8%	104.9%
Total	100%						182.2%³

1. The ROAIC (Non-GAAP measure) is based on a three-year average by dividing the Income after income taxes by the Average Invested Capital. Average Invested Capital is calculated by taking the average of Total Assets minus Cash, Short Term Investments, Current liabilities and Long-term contract liabilities at the start and end of each quarter over three years. We believe that ROAIC is a meaningful measure because it quantifies our effectiveness in generating returns relative to the capital invested in our business over the past three years.

2. The Pay-out % is based on the pay-out levels as included in the 2020 Remuneration Policy Board of Management.

3. Total Actual Performance score of 182.2% is based on weighting of individual performance metrics multiplied by the pay-out %.

The total LTI outcome results in a share vesting of 182.2% of target.

LTI Plan 2023-2025

At the beginning of 2023, 28,604 performance shares were conditionally granted to the current members of the Board of Management for the 2023-2025 LTI performance plan. These conditional grants are based on the maximum achievable opportunity for 2023.

For the 2023-2025 performance period, the Supervisory Board has decided to apply the following LTI performance measures and target setting:

Performance metric	Weight	Performance targets		
		Threshold	Target	Maximum
Relative TSR	30%	As per remuneration policy		
Normalized three-year average Cash Conversion Rate %¹	30%	85%	90%	95%
ESG measures	20%			
Consisting of:				
Net zero emission (Scope 1+2) with minimum compensation		<37kT compensation	<30kT compensation	<20kT compensation
Employee engagement		X ² – 4% point	X ² – 2% point	X ²
Total and JG9+ female Inflow		22%	24%	26%
Technology Leadership Index	20%	4	6	10
Total	100%			

1. The Normalized three-year average Cash Conversion Rate % (CCR) is calculated by dividing Normalized Free Cash Flow (Non-GAAP measure) by Net Income (three-year average). Free Cash Flow (Non-GAAP measure) is normalized by excluding early payments received in a certain financial year from customers without a contractual payment obligation in that financial year.

2. X = top 25% companies.

Board of Management remuneration (continued)

Other remuneration

In 2022, members of the Board of Management participated in the pension arrangement for the Board of Management, which is based on the 'excedent' (supplementary) arrangement for our employees in the Netherlands, a defined contribution opportunity as defined in Dutch fiscal regulations. It consists of a gross pension element (for the salary below approximately €115k) and a net pension element (for a salary above €115k). Some members opted out of the net pension due to different tax treatment of this outside the Netherlands. Details of the incurred accounting expenses relating to the application of the pension arrangement in 2022 can be found in the table Total Remuneration Board of Management.

Expenses reimbursed by ASML in 2022 included company car costs, representation allowances, social security costs and health and disability insurance costs.

Share ownership guidelines

The table below shows the share ownership guidelines, number of outstanding vested shares and share ownership ratio of each Board of Management member as per December 31, 2022. All members of the Board of Management complied with the minimum ownership guidelines per year end 2022.

Board of Management	Ownership guidelines	2022 base salary in € thousands	Number of outstanding vested shares	Ownership ratio ¹
P.T.F.M. Wennink	3x base	1,020	38,047	18.79
M.A. van den Brink	3x base	1,020	11,923	5.89
F.J.M. Schneider-Maunoury	2x base	694	17,903	13.00
R.J.M. Dassen	2x base	694	15,549	11.29
C.D. Fouquet	2x base	694	6,470	4.70

1. The Ownership ratio is calculated by multiplying the number of outstanding vested shares with the share price of €503.80 (based on the closing share price of December 30, 2022) and dividing this by the base salary.

Board of Management remuneration (continued)

Total remuneration Board of Management

The remuneration of the members of the Board of Management based on incurred accounting expenses in 2022, 2021 and 2020 was as follows (amounts are in € thousands):

Board of Management	Financial Year	Base salary	Pension	Other benefits	Total fixed	% Fixed	STI	LTI	Total variable	% Variable	Total Remuneration	Relative proportion fixed vs. variable
P.T.F.M. Wennink	2022	1,020	206	58	1,284	30.0 %	961	2,035	2,996	70.0 %	4,280	0.43
	2021	1,020	206	57	1,283	26.6 %	1,098	2,439	3,537	73.4 %	4,820	0.36
	2020	1,020	216	57	1,293	28.3 %	1,135	2,136	3,271	71.7 %	4,564	0.40
M.A. van den Brink	2022	1,020	206	57	1,283	30.0 %	961	2,035	2,996	70.0 %	4,279	0.43
	2021	1,020	206	56	1,282	26.6 %	1,098	2,439	3,537	73.4 %	4,819	0.36
	2020	1,020	216	57	1,293	28.3 %	1,135	2,136	3,271	71.7 %	4,564	0.40
F.J.M. Schneider-Maunoury	2022	694	141	36	871	30.6 %	619	1,354	1,973	69.4 %	2,844	0.44
	2021	694	115	36	845	26.8 %	747	1,566	2,313	73.2 %	3,158	0.37
	2020	694	122	36	852	29.1 %	773	1,302	2,075	70.9 %	2,927	0.41
R.J.M. Dassen	2022	694	116	51	861	30.4 %	619	1,354	1,973	69.6 %	2,834	0.44
	2021	694	115	51	860	22.6 %	747	2,193	2,940	77.4 %	3,800	0.29
	2020	694	100	51	845	22.2 %	773	2,186	2,959	77.8 %	3,804	0.29
C.D. Fouquet	2022	694	78	53	825	29.5 %	619	1,354	1,973	70.5 %	2,798	0.42
	2021	694	78	52	824	26.3 %	747	1,566	2,313	73.7 %	3,137	0.36
	2020	694	83	51	828	27.8 %	773	1,374	2,147	72.2 %	2,975	0.39
Total Board of Management	2022	4,122	747	255	5,124	30.1 %	3,779	8,132	11,911	69.9 %	17,035	0.43
	2021	4,122	720	252	5,094	25.8 %	4,437	10,203	14,640	74.2 %	19,734	0.35
	2020	4,122	737	252	5,111	27.1 %	4,589	9,134	13,723	72.9 %	18,834	0.37

The remuneration reported as part of the LTI (share awards) is based on costs incurred under accounting values. The costs of share awards are charged to the Consolidated Statements of Operations over the three-year vesting period based on the number of awards expected to vest for non-market-based elements. For the first two years, we apply the maximum achievable number of share awards, and in the final performance year of the awards we update this estimate for the non-market performance conditions to the best estimated number of awards which are anticipated to vest. Any difference between the amount based on the best estimate of achievable number of shares awards and the amount based on the actual number of share awards that vest, is taken into account in the Consolidated Statements of Operations in the financial year in which the share awards vest. Market-based elements are accounted at target.

Board of Management remuneration (continued)

Total remuneration Former Board of Management

F.J. van Hout is no longer part of the Board of Management as he retired from ASML in 2021.

Former Board of Management	Financial Year	Base salary	Pension	Other benefits	Total fixed	% Fixed	STI	LTI	Total variable	% Variable	Total Remuneration	Relative proportion fixed vs. variable
F.J. van Hout ¹	2021	231	47	16	294	11.4 %	243	2,036	2,279	88.6 %	2,573	0.13
	2020	694	122	47	863	29.4 %	773	1,302	2,075	70.6 %	2,938	0.42

1. The 2021 total remuneration of F.J. van Hout excluded an estimated tax levy payable to the Dutch tax authorities by the Company on termination benefits pursuant to article 32bb of the Dutch Wage Tax Act.

Board of Management remuneration (continued)

Share-based payments

Performance-based share-based remuneration for current members of the Board of Management is disclosed in the table below. Fractional shares are rounded down to full shares for reporting purposes.

Board of Management	Grant date	Status	Full control	Market-based element		Non-market-based elements		Total number of shares at target	Total number of shares at maximum (200%)	Vesting date	Number of vested shares on publication date	Year-end closing share price in year of vesting	End of lock-up date
				Number of shares at target	Fair value at grant date	Number of shares at target	Fair value at grant date						
P.T.F.M. Wennink	4/29/22	Conditional	No	709	596.0	1,655	533.5	2,364	4,727	1/1/25	n/a	n/a	1/1/27
	1/22/21	Conditional	No	1,053	635.6	2,455	454.9	3,508	7,016	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	1,387	286.9	3,235	263.7	4,622	9,245	1/1/23	8,420	503.8	1/1/25
	7/19/19	Unconditional	No	2,217	245.4	5,173	194.4	7,390	14,780	1/1/22	13,326	706.7	1/1/24
	1/19/18	Unconditional	No	1,958	215.1	4,570	162.8	6,528	13,056	1/19/21	9,566	439.9	1/19/23
M.A. van den Brink	4/29/22	Conditional	No	709	596.0	1,655	533.5	2,364	4,727	1/1/25	n/a	n/a	1/1/27
	1/22/21	Conditional	No	1,053	635.6	2,455	454.9	3,508	7,016	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	1,387	286.9	3,235	263.7	4,622	9,245	1/1/23	8,420	503.8	1/1/25
	7/19/19	Unconditional	No	2,217	245.4	5,173	194.4	7,390	14,780	1/1/22	13,326	706.7	1/1/24
	1/19/18	Unconditional	No	1,958	215.1	4,570	162.8	6,528	13,056	1/19/21	9,566	439.9	1/19/23
F.J.M. Schneider-Maunoury	4/29/22	Conditional	No	483	596.0	1,126	533.5	1,609	3,217	1/1/25	n/a	n/a	1/1/27
	1/22/21	Conditional	No	717	635.6	1,670	454.9	2,387	4,774	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	858	286.9	2,001	263.7	2,859	5,718	1/1/23	5,208	503.8	1/1/25
	7/19/19	Unconditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	8,239	706.7	1/1/24
	1/19/18	Unconditional	No	1,125	215.1	2,626	162.8	3,751	7,502	1/19/21	5,496	439.9	1/19/23
R.J.M. Dassen	4/29/22	Conditional	No	483	596.0	1,126	533.5	1,609	3,217	1/1/25	n/a	n/a	1/1/27
	1/22/21	Conditional	No	717	635.6	1,670	454.9	2,387	4,774	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	858	286.9	2,001	263.7	2,859	5,718	1/1/23	5,208	503.8	1/1/25
	7/19/19	Unconditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	8,239	706.7	1/1/24
	1/25/19	Unconditional	No	3,000	169.0	7,000	148.3	10,000	20,000	1/1/22	18,032	706.7	1/1/24
	7/20/18	Unconditional	No	657	274.6	1,531	185.0	2,188	4,376	1/19/21	3,207	439.9	1/19/23
C.D. Fouquet	4/29/22	Conditional	No	483	596.0	1,126	533.5	1,609	3,217	1/1/25	n/a	n/a	1/1/27
	1/22/21	Conditional	No	717	635.6	1,670	454.9	2,387	4,774	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	858	286.9	2,001	263.7	2,859	5,718	1/1/23	5,208	503.8	1/1/25
	7/19/19	Unconditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	8,239	706.7	1/1/24
	7/20/18	Unconditional	No	844	274.6	1,969	185.0	2,813	5,626	1/19/21	4,122	439.9	1/19/23

Board of Management remuneration (continued)

Performance-based share-based remuneration for former members of the Board of Management is disclosed in below table. Fractional shares are rounded down to full shares for reporting purposes.

Former Board of Management	Grant date	Status	Full control	Market-based element		Non-market-based elements		Total number of shares at target	Total number of shares at maximum (200%)	Vesting date	Number of vested shares on publication date	Year-end closing share price in year of vesting	End of lock-up date
				Number of shares at target	Fair value at grant date	Number of shares at target	Fair value at grant date						
F.J. van Hout	1/22/21	Conditional	No	239	635.6	557	454.9	796	1,592	1/1/24	n/a	n/a	1/1/26
	1/24/20	Unconditional	No	858	286.9	2,001	263.7	2,859	5,718	1/1/23	5,208	503.8	1/1/25
	7/19/19	Unconditional	No	1,371	245.4	3,198	194.4	4,569	9,137	1/1/22	8,239	706.7	1/1/24
	1/19/18	Unconditional	No	1,125	215.1	2,626	162.8	3,751	7,501	1/19/21	5,496	439.9	1/19/23

Reasons, criteria and principal conditions for granting shares

For the reasons and criteria for granting the performance shares to each member of the Board of Management, reference is made to the Summary of 2022 Remuneration Policy Board of Management and to the section Board of Management Remuneration in 2022 – Long-term incentive as included in this Remuneration Report.

The principal conditions applicable to the 2022 performance shares are described below. These apply to each member of the Board of Management.

Instrument:	Performance shares
Grant	Conditional grant on an annual basis based on maximum achievable opportunity. The number of performance shares to be conditionally awarded is calculated using the volume-weighted average share price during the last quarter of the year preceding the conditional award.
Grant date	Date on which the performance shares are conditionally granted.
Performance period	Period of three-years over which the achievement of the pre-defined performance targets is measured.
Vesting	The shares will become unconditional after the end of the performance period, depending on the level of achievement of the predetermined performance targets.
Lock-up period	The minimum holding period is two years after the vesting date.
	Upon termination of contract, the transfer restrictions will remain in place during the holding period except in case of decease.
	In case a tax payment is due by the members of the Board of Management over the retrieved variable income, performance shares may be partially sold at vesting ('sell to cover') in accordance with the law and internal regulations.

Board of Management remuneration (continued)

Relationship between accounted remuneration and company's performance

The following table provides an overview of the relationship between accounted remuneration and the company's performance for the past five years:

For the year ended December 31 (€ in thousands)	2018 ¹	Change (in %) ¹	2019	Change (in %)	2020	Change (in %)	2021	Change (in %)	2022	Change (in %)
Net sales	10,944,016	22 %	11,820,001	8 %	13,978,452	18 %	18,610,994	33 %	21,173,448	14 %
Net income based on US GAAP	2,591,614	25 %	2,592,252	— %	3,553,670	37 %	5,883,177	66 %	5,624,209	(4)%
Net income based on EU-IFRS	2,525,515	16 %	2,581,107	2 %	3,696,813	43 %	6,134,595	66 %	6,395,775	4 %
ASML share price (closing price on Euronext Amsterdam in €)	137.2	(6)%	263.7	92 %	397.6	51 %	706.7	78 %	503.8	(29)%
Average number of payroll employees in FTEs	18,204	20 %	22,192	22 %	24,727	11 %	28,223	14 %	33,071	17 %
Remuneration P.T.F.M. Wennink (CEO)	3,433	(1)%	4,361	27 %	4,564	5 %	4,820	6 %	4,280	(11)%
Remuneration M.A. van den Brink	3,431	(1)%	4,360	27 %	4,564	5 %	4,819	6 %	4,279	(11)%
Remuneration R.J.M. Dassen	897	—	2,956	230 %	3,804	29 %	3,800	— %	2,834	(25)%
Remuneration C.D. Fouquet	1,125	—	2,203	96 %	2,975	35 %	3,137	5 %	2,798	(11)%
Remuneration F.J.M. Schneider-Maunoury	2,169	(4)%	2,724	26 %	2,927	7 %	3,158	8 %	2,844	(10)%
Average remuneration per FTE ² based on US GAAP	115	(2)%	114	(1)%	120	5 %	122	2 %	125	2 %
Average remuneration per FTE ² based on EU-IFRS	115	(2)%	114	(1)%	120	5 %	122	2 %	118	(3)%
Internal pay ratio (CEO versus employee remuneration based on US GAAP) ²	30	— %	38	27 %	38	— %	40	5 %	34	(15)%
Internal pay ratio (CEO versus employee remuneration based on EU-IFRS) ²	30	— %	38	27 %	38	— %	40	5 %	36	(10)%
Ratio of the percentage increase in annual total compensation for CEO to the percentage increase in average annual remuneration for all employees ³ based on US GAAP									(5.5)	n/a
Ratio of the percentage increase in annual total compensation for CEO to the percentage increase in average annual remuneration for all employees ³ based on EU-IFRS									3.7	n/a

1. The remuneration of the R.J.M. Dassen and C.D. Fouquet was lower in 2018 as they were appointed as members of the Board of Management during 2018.

2. The calculation approach of the internal pay ratio is disclosed in the section Relationship between CEO and average remuneration (pay ratio).

3. The ratio of the percentage increase in annual total compensation for CEO to percentage increase in average annual remuneration for all employees is calculated by dividing the % annual increase in the remuneration of the CEO by the % annual increase in the average remuneration per FTE. This ratio is only applicable as of 2022 to comply with the GRI Standards 2021.

Board of Management remuneration (continued)

Explanation of changes in company's performance versus remuneration

The foregoing table aims to provide insight into the Company's performance over the past five years and the development of the remuneration. The metrics net sales, net income and share price are used to measure Company performance, as they are key metrics serving as a good proxy for ASML's general performance, as well as in view of comparability with other companies. The Company has grown significantly over recent years, not only reflected in the number of employees but also in terms of net sales. Since 2018, net sales have increased by 93%. The performance of the Company in that same period has increased significantly as well, reflected for example in Net Income (117% growth since 2018 based on US GAAP and 153% growth since 2018 based on EU-IFRS) and ASML share price (267% growth). As the table shows, the Company performance over the last five years has improved more significantly compared to the development of remuneration in that same period. The growth of the Company has led to revisions of the Remuneration Policy for the Board of Management in 2019, 2021 and 2022, resulting in higher base salaries as well as higher levels of STI (at target) and LTI (at target). Total remuneration for the Board of Management in 2022 was lower compared to 2021, due to the impact of supply chain issues and inflation on the STI score, and due to a lower number of granted shares at issuance date for the 2020-2022 LTI plan. Actual remuneration may fluctuate year over year depending on actual STI pay-out in any year, as well as the vesting of performance shares (LTI) in any year and the share price at that moment.

Relationship between CEO and average remuneration (pay ratio)

The internal pay ratio consists of the CEO's total remuneration (including all remuneration components) during 2022 of €4,280 thousand, compared to the average remuneration of all employees. The average remuneration of all employees was calculated using the average number of payroll employees in FTE (wages and salaries + social security expenses + pension and retirement expenses + share-based payments)/average number of payroll employees = €4,128 million / 33,071 = €125 thousand. This ratio has not been prepared to comply with the Pay Ratio Disclosure requirements under SEC regulations. The ratio is based on the highest paid individual according to accounting values consisting of fixed and variable remuneration elements compared to the average remuneration of all employees that are in service with the company, which excludes all other Board Members. This calculation approach brings the ratios more in line with the requirements from the Corporate Governance Code.

The internal pay ratio (CEO versus employee remuneration) based on US GAAP decreased towards 34:1 in 2022 (2021 40:1) and based on EU-IFRS decreased towards 36:1 in 2022 (2021 40:1). Decrease is driven by lower remuneration for the Board of Management in 2022, due to the impact of supply chain issues and inflation on the STI score, and due to a lower number of granted shares at issuance date for the 2020-2022 LTI plan. In 2022, the remuneration of the employees was adjusted for CLA and merit increases in 2022. Furthermore, in addition to normalizing the STI score for fast shipments, the 2022 STI score for employees was also adjusted for the impact of supply chain issues and inflation in 2022, which is reflected in the 2022 US GAAP figures. ASML intends to grant competitive remuneration to employees at all position levels within the Company. At each level remuneration should reflect the responsibilities of the role. The build-up of remuneration from level to level should therefore be gradual and in line with increasing responsibilities, also following market practice. At the highest level the steps become gradually bigger as responsibilities ultimately rise from a divisional level to an overall company level. The Supervisory Board considers the current build-up and the overall pay ratio of 34:1 to be equitable, considering the current performance of the company.

Supervisory Board remuneration

In this section of the Remuneration Report, we provide an overview of the 2021 Remuneration Policy for the Supervisory Board as adopted by the General Meeting on April 29, 2021, and as in force from April 1, 2021 onwards. It provides information about the implementation of the 2021 Remuneration Policy for the Supervisory Board in 2022 and contains the details of the Supervisory Board members' actual remuneration in 2022. The 2021 Remuneration Policy for the Supervisory Board can be found in the Governance section of our website.

Remuneration Policy

Remuneration objectives and principles

The 2021 Remuneration Policy for the Supervisory Board is designed to enable ASML to attract and retain qualified Supervisory Board members, who together compose a diverse and balanced Supervisory Board with the appropriate level of skills, competencies and experience required to properly supervise (the execution of) ASML's strategy, which is focused on the creation of long-term value for all stakeholders.

The 2021 Remuneration Policy for the Supervisory Board is built on the following principles:

- Transparent – The Remuneration Policy and its execution are clear and practical
- Alignment – The Remuneration Policy is benchmarked to market practice
- Compliant – ASML adopts the highest standards of good corporate governance
- Simple – The Remuneration Policy and its execution are as simple as possible and easily understandable to all stakeholders
- Fair – The remuneration should reflect the time spent and the responsibilities of the role of the members of the Supervisory Board
- Independent – The remuneration of a Supervisory Board member may not be dependent on the results of the company

Reference group and market positioning

The remuneration of the Supervisory Board should be competitive compared with a relevant reference market. This market is defined using a reference group of companies with a two-tier board structure included in the AEX Index of Euronext Amsterdam. To determine the positioning in this group, enterprise value, revenue and number of employees are taken into account.

Supervisory Board remuneration (continued)

Summary of Remuneration Policy Supervisory Board

This table provides an overview and description of the elements of the 2021 Remuneration Policy for the Supervisory Board.

Fixed remuneration		
Description	Value	
Basic membership fee	Chair of Supervisory Board	€130,000
	Vice Chair of Supervisory Board	€94,000
	Member of Supervisory Board	€75,000
	Chair Audit Committee	€25,500
	Member Audit Committee	€18,000
	Chair of other Committees	€20,000
	Member of other Committees	€14,500

Extra allowance for intercontinental meetings	
Description	Value
Extra, fixed allowance paid in connection with additional time commitment for intercontinental travel	€ 5,000 for each meeting that involves intercontinental travel

Expenses		
Description	Value	
Expenses incurred in relation to meeting attendance are reimbursed. In addition, a fixed net cost allowance is paid, covering certain pre-defined out-of-pocket expenses	Depending on level of expenses	
	Chair of Supervisory Board	€1,980
	Member of Supervisory Board	€1,380

Loans and guarantees	
Description	Value
No (personal) loans or guarantees or the like will be granted	Not applicable

Shares and share ownership	
Description	Value
No (rights to) shares are granted by way of remuneration. Any holding of ASML shares is for the purpose of long-term investment. Any trading activity is subject to ASML's Insider Trading Rules	Not applicable

Other arrangements	
Description	Value
(Re)appointment based on Dutch law and ASML's Articles of Association. No claw-back, severance or change in control arrangements are in place	Not applicable

Supervisory Board remuneration (continued)

Remuneration of the Supervisory Board in 2022

Overview of the remuneration of the Supervisory Board members based on incurred accounting expenses over the last five years (amounts are in € thousands):

	Membership fees 2022	Committee fees 2022	Allowances 2022	Proportion fixed vs. variable 2022	Total remuneration 2022	Total remuneration 2021	Total remuneration 2020	Total remuneration 2019	Total remuneration 2018
G.J. Kleisterlee	130	53	7	100:0	190	178	157	154	138
A.P. Aris	94	44	6	100:0	144	127	95	98	80
B.M. Conix	75	18	6	100:0	99	63	n/a	n/a	n/a
D.M. Durcan	75	35	16	100:0	126	112	57	n/a	n/a
D.W.A. East	75	18	6	100:0	99	93	59	n/a	n/a
T.L. Kelly	75	35	16	100:0	126	107	88	101	60
R.D. Schwalb	75	40	1	100:0	116	113	104	101	88
A.F.M. Everke	50	10	6	100:0	66	n/a	n/a	n/a	n/a
A.L. Steegen	50	10	6	100:0	66	n/a	n/a	n/a	n/a
Total	699	263	70	100:0	1,032	793	560	454	366

1. Allowances consist of fixed-expense allowances and allowances for intercontinental meetings.

No variable pay has been granted to the current and former members of the Supervisory Board during the last five years. The remuneration of the Supervisory Board is not directly linked to the performance of ASML, in line with the remuneration principles set out in the 2021 Remuneration Policy for the Supervisory Board.

Remuneration of former Supervisory Board members

Overview of the remuneration awarded to the former Supervisory Board members in 2022, 2021 and 2020 (amounts are in € thousands):

	Membership fees 2022	Committee fees 2022	Allowances 2022	Proportion fixed vs. variable 2022	Total remuneration 2022	Total remuneration 2021	Total remuneration 2020
J.M.C. Stork	25	10	5	100:0	40	113	100
D.A. Grose	n/a	n/a	n/a	n/a	n/a	36	117
C.M.S. Smits Nusteling	n/a	n/a	n/a	n/a	n/a	31	95
W.H. Ziebart	n/a	n/a	n/a	n/a	n/a	n/a	30
Total	25	10	5		40	180	342

1. Allowances consist of fixed-expense allowances and allowances for intercontinental meetings.

Remuneration Report - Other Information

Other information

Total remuneration

The total annual remuneration for the members of the Board of Management and the Supervisory Board, including former members, during 2022 amounts to €18.1 million (2021: €23.3 million).

Other arrangements

No remuneration has been granted and allocated by subsidiaries or other companies whose financials are consolidated by ASML, since all members of the Board of Management and the Supervisory Board are paid directly by ASML Holding N.V.

No (personal) loans have been granted to the members of the Board of Management or the Supervisory Board and no guarantees or the like have been granted in favor of any of the members of the Board of Management and the Supervisory Board.

No severance payments were granted to members of the Board of Management and the Supervisory Board in 2022 and no variable remuneration has been clawed back.

Deviations

In 2022, no deviations took place from the decision-making process for the implementation of the 2021 Remuneration Policy for the Supervisory Board and the 2022 Remuneration Policy for the Board of Management and no temporary deviations took place from the 2022 Remuneration Policy for the Board of Management and the 2021 Remuneration Policy for the Supervisory Board.

Shareholder voting

At the 2022 AGM, the 2022 Remuneration Policy for the Board of Management was adopted with 93.18% of the votes cast in favor of the proposal.

The Remuneration Report for the financial year 2021 was submitted to the 2022 AGM for an advisory vote. 84.59% of the votes were cast in favor. In the Message from the Remuneration Committee Chair at the beginning of this Remuneration Report, we discuss how we have taken into account the feedback received on Board of Management remuneration.

This Remuneration Report will be submitted to the 2023 AGM for an advisory vote in line with Dutch law.