

# AXCELIS TECHNOLOGIES, INC.

## GOVERNANCE GUIDELINES

*Adopted by the Board of Directors February 11, 2016, as amended on August 15, 2018*

The following Governance Guidelines (“Guidelines”), along with our **Certificate of Incorporation, Bylaws**, Delaware corporate law, the **charters of the Committees of the Board of Directors**, and other documents referenced herein, provide the framework for the governance of Axcelis Technologies, Inc. (the “Company”). These Governance Guidelines incorporate, and supersede, the Company’s Governance Policies adopted prior to the date of adoption of these Guidelines.

### A. THE BOARD OF DIRECTORS

#### 1. *Board Composition*

Under the **Certificate of Incorporation** of the Company, the number of Directors will be established from time to time by a vote of the majority of Directors then in office. Under the **charter of the Nominating and Governance Committee**, that committee will recommend to the Board the appropriate Board size to accommodate key objectives, balancing sufficient independent Directors to perform the functions normally assigned to the oversight committees and the need for efficient functioning of discussion and decision making.

All Directors are elected for a one-year term ending at the following annual meeting of stockholders (the “Annual Meeting”). Under our **Certificate of Incorporation**, In the event of a vacancy in the Board of Directors, the Directors then in office may elect a Director to serve for a term ending at the next Annual Meeting.

The Board shall have a majority of Independent Directors. For the purposes of this policy, “Independent Director” shall have the meaning set forth in the listing standards for The Nasdaq Stock Market (the “Nasdaq Rules”), and such definition in this policy shall change as and when the definition in such Nasdaq Rules change, provided that the Nominating and Governance Committee shall promptly circulate any changes to such definition to all members of the Board of Directors. Any determination of whether an incumbent Board member is an “Independent Director” under the then effective Nasdaq Rules shall be made by a majority of the Directors then in office who have either been affirmatively determined to be “Independent” or for whom there is no pending question of independence.

Former CEOs of the Company will not remain on the Board.

## **2. Director Nominations and Elections.**

The Board of Directors shall nominate candidates for election or re-election to the Board at the Annual Meeting. Under the Company's **Bylaws**, the Board also has the authority to appoint, by vote of a majority of Directors, Directors nominated to fill any vacancies on the Board, whether created by a resignation or removal, or by expansion of the Board.

The Nominating and Governance Committee will evaluate any candidate recommended for nomination as a Director, whether proposed by a stockholder in accordance with the nomination provisions in our **Bylaws**, or identified through the Committee's own search processes, about whom it is provided appropriate information.

Prior to nomination for election or re-election, all new candidates for election to the Board and all Board members eligible for nomination for re-election to the Board (each, a "Candidate") shall be evaluated based on criteria developed by the Nominating and Governance Committee, including but not limited to the following:

- such Candidate's ability and commitment to fulfilling the fiduciary duties of a director, including but not limited to the Director's commitment to represent all of the shareholders of the Company;
- such Candidate's current level of, and on-going commitment to, education regarding the responsibilities of a member of a Board of Directors under standards established in Section 3 below addressing director education;
- the adequacy of such Candidate's time available to commit to responsibilities as a member of the Board;
- the existence of any financial relationship with the Company other than that arising as an employee of the Company, as a Board member and/or as shareholder; and
- in the case of re-election, such Candidate's compliance with our **Director Stock Ownership Policy**.

More generally, the Committee will consider a candidate's skills, character, leadership experience, business experience and judgment, and familiarity with relevant industry, national and international issues in light of the backgrounds, skills and characteristics of the current Board and the needs of the Company's business. The Nominating and Governance Committee will consider whether a nominee's regional background contributes to Board diversity that is beneficial to the Company for business reasons. Given the portion of the Company's revenues derived from Asian customers, Board members with insight into Asian business or markets are highly valued. Finally, the Committee must consider whether a nominee (in conjunction with the existing Board members) will assist the Company in meeting the requirements of applicable law, the rules of the Securities and Exchange Commission, the Nasdaq listing standards, and the United States Internal Revenue Code regarding the independence, sophistication and skills of the members of the Board of Directors and the Audit, Compensation and Nominating and Governance committees.

No director may be nominated for a term that begins on or after his or her 75th birthday.

The Company's **Bylaws** require all candidates for nomination to election to the Board to disclose specified information with respect to their background, relationship with shareholders and with the Company. The Bylaws also require each nominee to provide a written representation and agreement addressing compliance with Company policies.

From time to time, the Board may decide that a formal search for independent Board candidates should be undertaken. In such case, in accordance with the **charter of the Nominating and Governance Committee**, the Nominating and Governance Committee will establish a search plan and selection process, and lead and manage the process, with input from the Chairman of the Board, the Chief Executive Officer and the other Board members. This would include the selection of a search firm and the establishment of the interviewing plan. As part of a formal search process, the Nominating and Governance Committee, with input from the full Board, will establish specifications for a particular Board search, and in that case, the Committee will consider whether a candidate (whether identified by the Committee or nominated by a stockholder) satisfies the established specifications.

Except in the case of vacancies during the period between Annual Meetings, Directors shall be elected by the stockholders at the Annual Meeting with a plurality vote in both uncontested and contested elections. In the case of uncontested elections, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee shall recommend to the Board the action to be taken with respect to such offer of resignation. In the event that all members of the Nominating and Governance Committee are among the nominees for Director who are offering to resign, the Board shall appoint a special committee of one or more other Independent Directors to act on behalf of the Nominating and Governance Committee with respect to this policy. The Board shall act promptly with respect to each such letter of resignation and shall promptly notify the Director concerned of its decision.

### ***3. New Director Orientation and Director Education***

Members of the Board are selected with attention to their diverse professional backgrounds and experience. In addition to their individual professional expertise, it is important that members of the Board be knowledgeable about the Company and its business. New Directors will receive a director orientation program to familiarize them with the Company's business, industry trends, and recommended governance practices. Presentations on, and discussions of, various aspects of the Company and its business are a significant part of each regular Board meeting. From time to time, the Company provides Board members with product demonstrations, facilities tours, and other special presentations intended to deepen their familiarity with the Company and its industry.

Directors should also be familiar with the duties and responsibilities of directors of public companies and emerging practices in corporate governance. Board members are encouraged to attend seminars, conferences, and other continuing education programs designed especially for directors of public companies. Even for independent Directors who have had significant experience on public company boards of directors, participation in such programs is helpful to keep them abreast of current developments in the evolving area of corporate governance and other matters relevant to their service on the Board. Reasonable expenses associated with these programs, and related travel expense, will be reimbursed by the Company, provided that if the Director is then serving on other public company boards, the Company would expect that such other public companies would share such expenses.

#### ***4. Board Meetings and Agendas***

The Board holds an organizational meeting after each Annual Meeting of Stockholders at which time officers are elected. The Annual Meeting and the Organizational Meeting of the Board are usually held in May of each year.

The Board may establish regular meetings at such times and places as it may decide. In person Board of Directors meetings are generally held four times each year. Dates are determined in advance. Under our **Bylaws**, a majority of Directors then in office constitutes a quorum for Board of Directors meetings.

The Chairman of the Board and the Chief Executive Officer will establish the agenda for each Board meeting. Each Director is free to suggest the inclusion of item(s) on the agenda.

Information and data that is important to the Board's understanding of the Company's business will be distributed in writing to the Board before each Board of Directors meeting.

Minutes of all Board committees shall be submitted to the full Board for their information.

At each Board meeting, Committee chairmen shall report to the full Board on Committee activities since the last Board meeting.

The Board should undertake an annual review of the Company's strategic direction.

#### ***5. Meeting Attendance***

Directors are expected to attend the Annual Meeting and all Board of Directors meetings and meetings of Committees on which the Director serves. If a Director determines that it is not possible to attend a meeting, the Director is expected to give notice of that fact as early as practicable. If a Director cannot attend a Board meeting due to an inability to be at the site of that meeting but is otherwise able to participate, it may be possible for the Director to participate by telephone if advance arrangements are made. Proxy rules require the Company

to identify in the Proxy those Directors who did not attend 75% of the scheduled Directors' meetings and any meetings of Committees on which the Director serves.

### ***Chairman and Committees***

During the Organizational Meeting, the Board of Directors, acting on the recommendation of the Governance and Nominating Committee, will:

- (a) elect a Chairman of the Board;
- (b) establish Committees of the Board of Directors; and
- (c) appoint Committee members and Chairpersons.

The Chairman of the Board shall be an Independent Director and shall not also serve as the Chief Executive Officer, other executive officer or employee of the Company during such Director's service as Chairman. The duties of the Chairman of the Board include such responsibilities as may be assigned to him or her by the Board of Directors in accordance with the Company's bylaws, including but not limited to:

- Setting the Board's agenda in collaboration with the CEO;
- Acting as a regular communication channel between the Board and CEO;
- Organizing and presiding over executive sessions to review the Company's performance and management effectiveness;
- Conducting exit interviews with resigning executive officers to determine whether their departure reflect problems with the CEO or other Company issues;
- Coordinating the activities of the Independent Directors;
- With the Chairman of the Nominating and Governance Committee, addressing actions arising from the annual Board self-evaluation, coordinating the assessment of the committee structure, organization, and charters, and evaluating the need for any changes;
- Leading the annual performance evaluation of the CEO, as discussed below; and
- Leading a process to identify a successor CEO when needed, as discussed below.

The Board shall form an Audit, Compensation and Nominating and Governance Committees:

- The composition of the Audit Committee shall satisfy the requirements of the Nasdaq Rules, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission.
- The composition of the Compensation Committee shall satisfy the requirements of the Nasdaq Rules, the Securities and Exchange Commission Rule 16b-3 and the Internal Revenue Service requirements to exempt option compensation from the limitations on deductibility under I.R.C. Section 162(m).

- The composition of the Nominating and Governance Committee shall meet the requirements of the Nasdaq Rules.

The Board may establish any number of other committees, specifying the number of members and appointing each member. Directors are expected to serve on one or more committees and where feasible, to rotate such service among the various committees as members and Chairpersons on a periodic basis.

The Board of Directors presently has established standing committees for Audit, Compensation, Nominating and Governance and Technology. Each of these committees has a written charter adopted by the Board of Directors which specifies the composition requirements of the committee and the authority and responsibilities of the committee. These charters are reviewed annually.

#### ***6. Executive Sessions of Independent Directors***

The Independent Directors of the Board shall meet in executive session without management at each in person meeting of the full Board and Committees, provided that in the case of a Committee meeting, the Committee may affirmatively determine that such a session is not necessary. The Chairman of the Board will preside at the executive sessions of the Independent Directors.

#### ***7. Board Member Retirement***

Board members who have exceeded a certain age will not be nominated for election by the Board. See above "***Director Nominations and Elections.***"

#### ***8. Change in Principal Occupation or Business Association***

When a Director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the Director shall tender a letter of resignation to the Chairman. The Nominating and Governance Committee will review whether the new occupation, or retirement, of the Director is consistent with the specific rationale for originally selecting that individual and the guidelines for board membership. The Nominating and Governance Committee will recommend action to be taken regarding the resignation based on the circumstances of retirement, if that is the case, or in the case of a new position, the responsibility and type of position and company and industry involved. The offered resignation will not be effective until accepted by the Board of Directors.

#### ***9. Membership on Other Boards***

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and avoid actual or potential conflicts of interest that may arise from

serving on other boards of directors. These are criteria that will be assessed by the Nominating and Governance Committee in connection with the nomination of any candidate to the Board. The Nominating and Governance Committee will also consider whether a Director, including the CEO of the Company, is in compliance with over-boarding policies established by proxy advisory firms.

### ***10. Assessing Board of Directors and Committee Performance***

The **charter of the Nominating and Governance Committee** requires that committee to lead annual Board self-assessment processes. These processes have included a Board of Directors Self-Assessment, in which Directors assess meeting agenda items and presentations, advance distribution of meeting materials, interim communication to Directors, access to and communications with senior management, and the Board's contribution as a whole. The annual process also includes an assessment by the each Director of their own and each other Directors' individual performance using established criteria.

## **B. THE EXECUTIVE OFFICERS**

### ***11. Election of the Executive Officers***

During the Organizational Meeting, the Board of Directors will elect:

- a Chief Executive Officer;
- the other executive officers of the Company; and
- the officers required by Delaware law who are not executive officers, such as the Treasurer and Assistant Secretary.

### ***12. Evaluation of the Chief Executive Officer***

The Chairman will lead the Board in conducting an annual evaluation of the Chief Executive Officer (the "CEO"). The process for the annual CEO evaluation may be modified from time to time by the Nominating and Governance Committee with the consent of the Chairman, but currently involves the following steps:

- Prior to the last Board meeting of the fiscal year, the CEO will submit a self-evaluation to the Chairman;
- The Chairman will discuss the self-evaluation with CEO, and solicit input from other Directors at the last Board meeting of the fiscal year, and also in one on one conversations;
- The Chairman will consolidate the CEO self-evaluation with Board feedback for report at first Board meeting of the fiscal year; and
- The Chairman will communicate the Board's evaluation to the Chief Executive Officer.

The CEO evaluation should consider aspects of corporate performance, including progress against strategic goals and the capacity of the Company to achieve future goals. The evaluation should use a combination of objective and subjective criteria.

The annual evaluation will be considered by the Compensation Committee in the course of its deliberations on the Chief Executive Officer's compensation.

### ***13. Annual Non-CEO Executive Officer Performance Review and Succession Planning and CEO Successor Search***

Annually, the Chief Executive Officer will provide the Board with an executive talent review, which includes performance evaluations for the executive officers other than the CEO, and succession planning for executive officer roles.

### ***14. CEO Succession***

The Chief Executive Office should make available to the Chairman of the Board, on a continuing basis, the CEO's recommendation as to a temporary or permanent successor should the CEO be unexpectedly disabled and be unable to carry on the duties of the Chief Executive Officer.

In the event that it becomes apparent that the Chief Executive Officer will leave or retire in the determinant future, the Chairman of the Board should lead the search for the CEO's successor. In such case, the Nominating and Governance Committee will, with input from the Chairman and the other Board members, establish a search plan and a selection process (including the process for selecting a search firm and the establishment of the interviewing plan). The Chairman of the Board will lead and manage this process.

### ***15. Board Access to Senior Management and Independent Advisors***

Directors have complete access to Axcelis' management.

The Board encourages management to bring managers into Board meetings who (a) can provide additional insight into the items being discussed because of personal involvement in these areas and/or (b) represent managers with future potential that management believes should be given exposure to the Board.

The Board and Committees shall be free to hire independent legal counsel and advisors as they in their sole discretion determine appropriate, at the Company's expense, if and to the extent necessary to carry out the Board's or Committee's responsibilities and in compliance with any regulatory requirements.



## C. DIRECTOR OVERSIGHT, COMPENSATION AND OTHER OBLIGATIONS

### ***16. Board Responsibility for Ethics Violation Reports***

The Company's Code of Ethical Business Conduct establishes methods through which employees may report (anonymously if desired) perceived ethical violations to the Company's executive officers. The Audit Committee of the Board has adopted an **Ethics Violations Reporting Processes and Procedures** statement, which addresses the process for reporting and the handling of reports. The statement provides, among other things, that any report relating to financial reporting, accounting or auditing matters will be referred by the executive officer receiving the report to the Chairman of the Audit Committee, who will give direction on next steps. The General Counsel will be responsible for reporting on the status of all ethics violation reports to the Audit Committee at least quarterly.

### ***17. Board Interaction with Institutional Investors***

The Board believes that Directors should be open to contact from investors. Stockholders may communicate with the Axcelis Board of Directors by mailing a communication to the entire Board or to one or more individual Directors in care of the Corporate Secretary. All communications from security holders to Board members (other than communications soliciting the purchase of products and services) will be promptly relayed to the Board members to whom the communication is addressed.

The Board believes that investor relations regarding the Company should be handled in a coordinated manner. Accordingly, individual Directors should not initiate communications to investors about Axcelis except in the case of Board approved outreach initiatives or on the request of the CEO. Directors who are contacted by investors should (1) read or listen to the communications to understand the content of the message; (2) acknowledge receipt and, (3) if a management or Board response is appropriate or desirable, inform the investor of next steps. Any Director engaged in investor contact should promptly inform the full Board of the content of the communications. Contacted Directors should also notify management of the contact and its content, and, if appropriate, request a management response to the investor. Any planned Board member response to investors should be developed and coordinated by the Chairman and CEO. All substantive communications by Directors or management should be reviewed to ensure compliance with the SEC's Regulation FD.

Axcelis has adopted a **Communications Policy** to authorize certain members of management to address the media, and to set out the process for all public communications in compliance with Regulation FD.

### ***18. Director Compensation***

Reasonable compensation for the independent Directors should be considered and recommended by the Nominating and Governance Committee, and by the Compensation

Committee in the case of equity grants, and approved by the full Board of Directors.

As of the date of the adoption of these Guidelines, each non-employee Director receives an annual retainer, with additional retainers paid to the Chairman of the Board, each of the Committee chairmen and the members of each Committee. Each non-employee Director also receives an annual equity grant under the Company's equity plan.

Reasonable travel expenses incurred in attending all meetings are reimbursed. Air travel is based on round-trip actual airfare from the Director's home to meeting locations. A Director is encouraged to travel in the coach class. Other expenses, such as hotels, meals, local transportation and similar expenses are also reimbursed.

### ***19. Stock Ownership***

To reinforce the importance of aligning the financial interests of Axcelis' Directors, executive officers and shareholders, Axcelis Directors and executive officers are required to hold a minimum number of shares of Axcelis Common Stock, as set forth in the Company's **Executive Officer and Director Stock Ownership Guidelines**.

### ***20. Anti-Pledging/Anti-Hedging Policy***

Directors and executive officers are prohibited from pledging Axcelis common stock as collateral. Also prohibited is trading in derivative securities of Axcelis' common stock, engaging in short sales of Axcelis securities, or acquiring or entering into any financial instruments or arrangements that are designed to hedge or offset any decrease in the market value of Axcelis equity securities. These and other provisions relating to the ownership of Axcelis stock are set forth in the **Board Member and Executive Officer Policies and Practices Relating to Axcelis Securities**.

### ***21. Board Member Compliance with Ethics Policy***

Directors must adhere to the Company's Code of Ethical Business Conduct to the extent applicable in connection with their activities relating to the Company and to set an example by exhibiting ethical behavior.

### ***22. Board Member Related Party Disclosure***

Directors are required to disclose any proposed transaction or business relationship with the Company (including by any of their affiliates or immediate family members).

### ***23. Board Member Compliance with Confidentiality Obligations***

Delaware law imposes a duty of care on corporate directors, which includes a duty to protect the confidential information of the Company. It is essential that Directors maintain the

confidentiality of all nonpublic information belonging to, entrusted to, or about Axcelis. All disclosures of material non-public information must either (A) be private disclosures subject to a confidentiality agreement that satisfies the SEC's Regulation FD or (B) public disclosures managed in accordance with the Company's **Communication Policy** to ensure Regulation FD compliance.

Directors may only engage in private disclosures covered by confidentiality agreements to the extent authorized by the Chairman of the Board or the CEO or as required by law or legal process. In addition, Delaware law's duty of loyalty prohibits Directors from using any proprietary information belonging to the Company for their own personal benefit or the benefit of any person or entity other than the Company. Directors should take care not to inadvertently expose such information.

#### **D. OTHER MATTERS**

##### ***24. Shareholder Rights***

The Company shall not limit the rights of shareholders in contravention of Delaware law or the Nasdaq Rules.

Board Committee charters and these Governance Guidelines shall be publicly available on the Company's internet site for the information of our shareholders.

Shareholder approval will be solicited on all equity compensation plans to the extent required by the Nasdaq Rules.

##### ***25. Executive Change of Control Excise Tax Indemnifications***

Any change of control agreement entered into by the Company after the date of adoption of these Governance Guidelines, with any future executive officer of the Company, shall be in such form as may be approved by the Board of Directors and shall not include a reimbursement for the effects, including federal, state and local income tax consequences, of any excise tax due on severance compensation, such as those currently due under Sections 280G and 4999 of the Internal Revenue Code.