

Focus on Diversity and Inclusion



axcelis
2022

FOCUS ON DIVERSITY

Axcelis is dedicated to building a diverse workforce, fostering a culture built on the principles of inclusion and equity, and maintaining a workplace free from discrimination. We strongly believe that a diversity of experience, perspectives and backgrounds will lead to a better environment for our employees and better products and services for our customers. Axcelis' commitment to diversity covers our Board of Directors, our leadership team and all teams and functions across our global locations.

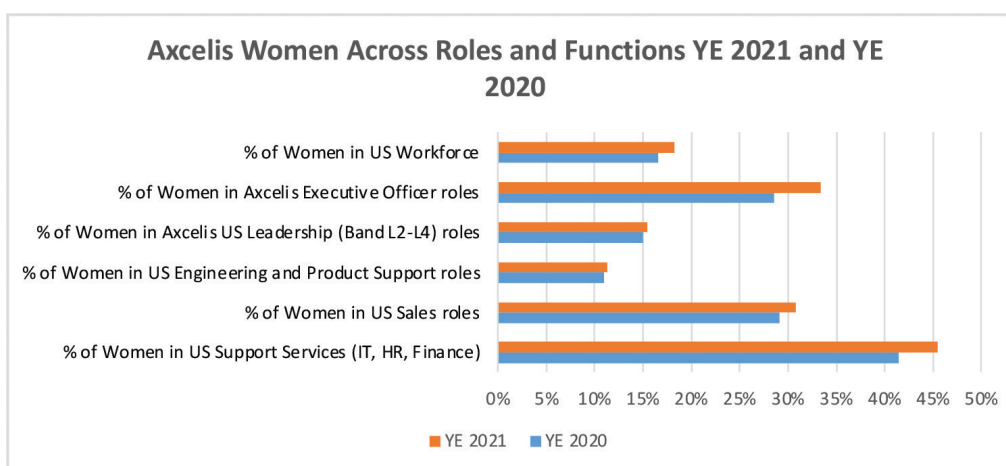
As a global company, an inherent diversity exists as we come together, with backgrounds in different cultures and countries. Our ultimate goal is to ensure that Axcelis' workforce reflects the communities in which our work is done, in all our locations around the world.

We encourage investors and other interested parties to see diversity as multi-faceted. Axcelis is implementing various initiatives to increase the presence of under-represented groups across our business and industry, including establishing long-term goals that are tied to demographic realities and intrinsic fairness.

WHERE WE ARE NOW¹

Women in the US Workforce.

At year end 2021, Axcelis' US employee base was 18.3% female, higher than at year end 2020 (16.6%). During that same period, we saw increases in the percentage of women in a variety of positions and functional groups:



As shown in the chart above, the percent of women at Axcelis varies significantly by function, ranging from a low of 12% to a high of 46% at year end 2021. These functional differences largely reflect US women's current choices in educational and career focus. The number of women obtaining technical and scientific degrees in fields relevant to Axcelis are significantly below that of men. The US Department of Education reported that 34% of all levels of STEM degrees and certificates issued in 2019-2020 were received by women.² Women's engagement in the engineering, physical and software science skills that Axcelis requires is even lower. As noted in a Pew Research Center report analyzing 2021 data from the US Bureau of Labor Statistics, while women "make up half of the STEM workforce ... the share of women varies widely across STEM job clusters.... Women comprise about three-quarters of health care practitioners and technicians (74%), [but women] remain underrepresented in engineering (15%), computer (25%) and physical science (40%) occupations."³

Accordingly, it is challenging to find and recruit female candidates for our technical roles, but we continue to prioritize those efforts.

With two women in the executive officer ranks at Axcelis, the percentage of executives that are female, at 33%, is higher than the portion of women in Axcelis' US and global workforces. Mary G. Puma puts Axcelis in a small group of public companies with a female CEO. In 2022, only 6.1% of companies in the Russell 3000 had female CEOs, as did 6.4% of S&P 500 companies.

When we look at our US leadership below the executive officer level in a grouping that covers about 150 US employees ("US Leadership"), 15.4% are female. The number of women in Leadership positions has more than kept up with growth in Axcelis headcount at that level: at year end 2021, we filled three out of 15 new US Leadership roles with women. By filling new roles with women at a rate higher than the percentage of incumbents, we will gradually increase the overall level of female leadership in the Company.

¹ Axcelis demographic data is as of December 31, 2021.

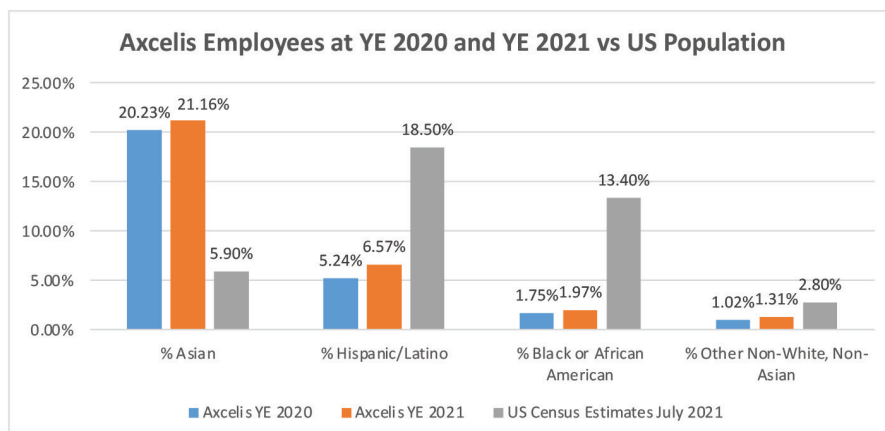
² National Center for Educational Statistics, Fast Facts, <https://nces.ed.gov/fastfacts/display.asp?id=899>

³ Pew Research Center, "6 facts about America's STEM workforce and those training for it," April 14, 2021, <https://www.pewresearch.org/fact-tank/2021/04/14/6-facts-about-americas-stem-workforce-and-those-training-for-it/>

Underrepresented Minorities in the US Workforce.

Minority racial and ethnic groups constitute a substantial portion of the U.S. working age population. When we compare the racial/ethnic identities of Axcelis US employees to the most current US Census estimates (July 2021), it is apparent that our US employees who identify as Hispanic/Latino, Black/African American, and other non-White, non-Asian racial and ethnic groups represent lower percentages of Axcelis employees than are present in the overall US population. Asians, while a minority of the US population (at 5.9% per the US Census estimates), are well represented at Axcelis, comprising 21.2% of our US workforce at year end 2021, up slightly over year end 2020. Based on this data, Axcelis considers Hispanic/Latino, Black/African American, and other non-White, non-Asian racial and ethnic groups to be under-represented minorities ("URMs").

Comparing year end 2021 to year end 2020, the percentages of URMs in Axcelis' US workforce are increasing, with URMs currently comprising 9.85% of the Axcelis US workforce:



As with women, there is a limited population of URMs with backgrounds that would qualify for many of our technical roles. The Pew Research Center report cited above states that 9% of the US STEM workforce are Black and 8% are Hispanic workers. The report also observed that Black students earned 7%, and Hispanic students 12%, of STEM bachelor's degrees for the 2017-2018 academic year.

None of the current Axcelis executive officers are URMs, and only 3% of US Leadership are URMs. This is not inconsistent with the situation of US businesses as a whole, including those much larger than Axcelis. Stanford University's Rock Center for Corporate Governance reported that Blacks and Hispanics make up 5% and 4%, respectively, of Fortune 100 C-Suite positions.

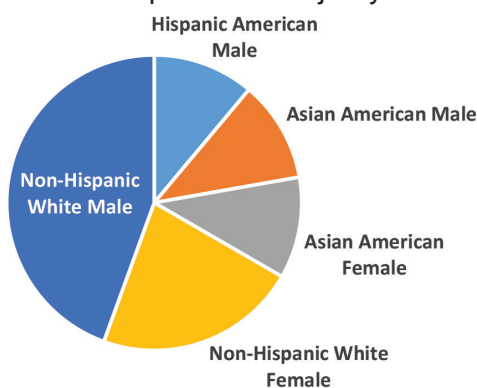
Board of Directors.

We are proud of the diversity represented by the Axcelis Board of Directors, which includes:

- Mary G. Puma, our female CEO;
- Dipti Vachani, a female executive at Arm Limited, a designer of energy-efficient system-on-a-chip central processing units for cell phones and other applications;
- Jeanne Quirk, a female executive at TE Connectivity, a manufacturer of connectivity and sensor solutions for a variety of industries;
- Dr. Tzu-Yin Chiu, an experienced semiconductor company CEO, an Asian American; and
- Jorge Titingier, an experienced semiconductor equipment and electronics executive, a Hispanic American.

Axcelis' Board diversity compares favorably to other companies. Deloitte reported in 2021 that less than 8% of Fortune 500 companies' board seats are filled by either Black or Asian directors, and less than 4% by Hispanics. In comparison, in 2022, less than half (44%) of Axcelis' nine member Board of Directors are White Non-Hispanic males, while 33% are female and 33% are racial/ethnic minorities, as shown in the chart below.

Women and Diverse Males Represent a Majority of Axcelis' Board



⁴ Rock Center for Corporate Governance, Stanford University, Diversity in the C Suite—The Dismal State of Diversity Among Fortune 100 Companies, April 1, 2020.

⁵ Deloitte, Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards, 6th edition, 2021.

WHAT WE ARE DOING

Establishing Diversity Metrics and Goals. In November 2020, the Axcelis Board formally delegated responsibility to the Compensation Committee to oversee the Company's workforce diversity efforts. With the guidance of the Board, management is now tracking specific demographic information related to the number of women and URMs in our workforce.

In 2020, management committed to the five-year (2025) goals set forth below. We have made progress, as of year end 2021, against five of the six goals:

Metric	2020 YE Status	2021 YE Status	2025 Goals
US female employee population	16%	18.3%	20%
US URM employee population	8%	9.9%	10%
Women in Engineering and Product Support	11%	11.3%	15%
URMs in Engineering and Product Support	4%	3.8%	8%
Women in Leadership (Bands L2-L4)	15%	15.4%	20%
URMs in Leadership (Bands L2-L4)	2.1%	3.1%	5%

Our Board will receive annual reports on our progress against these goals as part of the Axcelis Talent Review, the Company's talent management and succession planning process.

Growing Diversity Through Hiring. We view hiring requisitions as opportunities to increase diversity. As we fill future openings, we will balance multiple diversity factors with other important skills and attributes that are expected to contribute to our business success. Our 2021 employee hiring activities showed relatively strong performance in attracting women and URMs:

Regular US Jobs

- 26% (11) of final interviewees were women for 42 US jobs; 14% (6) of the 42 US jobs were filled with women.
- 7% (3) of the 42 US jobs were filled with URMs (candidates aren't asked to self-identify).

Recruiting Younger Employees:

- We frequently initially hire younger employees under the Axcelis Short Term Employment Program ("STEP"). In 2021, women were 22%, and URMs were 17%, of 41 STEPs.
- We regularly hire college students to work as Co-ops and Interns at Axcelis for a semester. Women represented 18% of our 2021 Coop/Interns. None of the 2021 Coop/Interns self-identified as a URM.
- Three successful Co-ops and Interns were offered full time Axcelis jobs in 2021. Of those, one was a woman and one was a URM (each 33%).

We recognize the importance of the availability of entry level positions, both to attract a more diverse candidate pool, and to add younger personnel to our workforce, since age is a form of diversity and necessary for succession planning. At year end 2021, 27% of all Axcelis employees were under age 35, up from 21% at year end 2020.

We have identified some specific initiatives to improve our diverse hiring, including:

- Developing pools of candidates with more females and URM populations;
- Messaging a culture of inclusion through candidate collateral; and
- Supporting part time and remote working arrangements where possible, enabling hiring of workers requiring more flexible work schedules.

Creating an Inclusive Culture. To attract and retain a diverse workforce, it is critical that our work environments are welcoming and inclusive. We have identified some initiatives to enhance our development of the desired culture, including:

- Providing additional support for high potential women and URMs, through mentorship and career development training;
- Establishing support groups for women and minorities; and
- Offering manager training on unconscious bias in interviewing and evaluating.

A foundational step in creating an inclusive culture is to avoid any discriminatory behavior. Axcelis has adopted a broad anti-discrimination policy which references the following personal characteristics as "protected:"

- Race or color
- Nationality, national origin or ancestry
- Religion or creed
- Physical or mental disability
- Gender or sexual orientation
- Medical condition or physical appearance (including pregnancy)
- Active military or veteran status
- Age
- Genetic information
- Any other factor protected by federal, state, or local law

All global employees are required to take biennial training on harassment. We also provide extensive training for managers on how to make hiring, promotional, compensation and termination decisions in objective and unbiased ways. In the future, we expect to expand our employee training on issues of diversity, equity and inclusion.

Pay Equality. One outcome of discrimination can be a pay gap. Axcelis annually reviews all employee compensation against market medians for the position, and periodically undertakes reviews comparing base pay of female and URM employees against market and peer compensation data.

Talent Review and Succession Planning. Axcelis conducts an annual talent review process, which involves an evaluation of current Leadership, an identification of high potential employees, the establishment of development action plans for individuals and for functions as a whole, and succession planning. Diverse employees are identified as part of this process. Individual action plans may incorporate leadership development training, 360 evaluations, exposure to new skills and participation in mentoring relationships.

The 2022 Axcelis Talent Review identified 60 employees with the potential to fill mid-level management roles. Of these, 6.7% were URM and 17% were women. The 2022 Axcelis Talent Review also identified 29 employees who had the potential to achieve or surpass the Vice President level, of which four (13.84%) were female and one was a URM (3.4%).

Board Searches. In 2022, the Axcelis Board created two vacancies and filled them with Ms. Quirk and Ms. Vachani, following a candidate search. In doing so, the Axcelis Board exceeded a commitment made in Axcelis' 2021 Proxy Statement to nominate a second female director. In general, when a Board seat opens, we will seek Board candidates who have deep experience that is relevant to the international business issues that Axcelis faces. We will look to fill our Board requirements from qualified candidates, considering all aspects of diversity.

Beyond Axcelis. We recognize that the conditions needed to achieve a representative workforce will not happen unless we invest differently in future generations. We need to encourage women and URM to pursue STEM and business educations and careers. Axcelis is engaged with and provides support to a variety of initiatives which are designed to create opportunities for individuals to enter, and succeed in, technical careers. These include the SEMI Workforce Development Committee, the Boston Museum of Science, the Maria Mitchell Women in Science Symposium, the Massachusetts Bay United Way, the North Shore YMCA, and others.