

## Advanced Energy Board Governance Guidelines

*The Board of Directors (the “board”) of Advanced Energy Industries, Inc. (the “Corporation”), acting on the recommendation of its Nominating, Governance & Sustainability Committee, has adopted these Governance Guidelines in order to guide the board on various governance practices. As such, they reflect the board’s current views with respect to certain matters of board composition and practice and are subject to change from time to time. They do not establish legal duties of the board or any Committee.*

### Role of the Board

The role of the board is to promote the best interests of the Corporation and its shareholders by overseeing the management of the Corporation’s business, assets, and affairs.

### Board Job Description

The board should, in its oversight capacity: (i) select, regularly evaluate, and, if necessary, replace the chief executive officer; (ii) actively review succession planning and organization development; (iii) actively review and, where appropriate, support the financial objectives, major strategies, and plans of the Corporation; (iv) review the financial performance of the Corporation; (v) provide advice and counsel to the chief executive officer; (vi) review the adequacy of systems, processes, and controls relating to compliance with applicable laws, regulations, and standards of appropriate behavior; (vii) review the Corporation’s risk factors and provide oversight of risk reporting systems and controls; (viii) evaluate board processes and performance, (ix) establish committees as appropriate; and (x) select and recommend to stockholders for election an appropriate slate of candidates for the board.

### Board Composition

- 1. Separation of the positions of chairman and chief executive officer.** The board believes that separate persons should hold the positions of chairman of the board and chief executive officer as an aid in the board’s oversight of management.
- 2. Size of the Board.** The board should periodically evaluate whether a larger or smaller size would be appropriate. The Nominating, Governance & Sustainability Committee should periodically (no less than bi-annually) review the appropriate size of the board depending upon the needs and skills required. The board also has a Secretary to the board who may participate in meetings but does not vote.
- 3. Board Definition of What Constitutes Independence for Non-Employee Directors.** The Corporation defines an "independent" director in accordance with the standards set forth by the Securities and Exchange Commission (SEC) and the Nasdaq Stock Market requirements for independent directors (Nasdaq Listing

Rules). Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the board is also responsible for confirming that each independent director has no other material relationship with the Corporation or its affiliates or any executive officer of the Corporation or his or her affiliates. A relationship will be considered "material" if in the judgment of the board it would interfere with the director's independent judgment.

4. **Mix of Inside and Independent Directors.** The board believes that there should be a supermajority (66 %) of independent directors on the board. The board also believes that it is useful and appropriate to have the chief executive officer as a director.
5. **Board Membership Criteria.** The Nominating, Governance & Sustainability Committee is responsible for reviewing with the board from time to time the appropriate skills (relevant to the Corporation's business) and characteristics required of board members in the context of the current make-up of the board. This assessment should include issues of diversity in numerous factors such as understanding of and experience in manufacturing, technology, finance, marketing, and international experience. The board supports gender and ethnic diversity. These factors, and others as considered useful by the board, are reviewed in the context of an assessment of the perceived needs of the board at a particular point in time. The Nominating, Governance & Sustainability Committee may consider board continuity as it routinely reviews nominees for board membership.

A director should have the education, business experience, and current insight necessary to understand the Corporation's business and be able to evaluate and oversee direction, performance, and guidance for the success of the enterprise.

A director should be cognizant that, so long as the Corporation is solvent, his or her primary responsibility is to represent the interests of the Corporation and its stockholders. A director should have independence and strength of conviction while at the same time leaving behind personal prejudice so as to be open to other points of view from fellow directors. He or she is expected to have a high standard of ethics and integrity.

All directors are expected to rigorously prepare for, attend, and participate in all board and applicable Committee meetings. Each board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a director. In particular, the board is of the view that holding more than four public company board positions (or in the case of the Corporation's executive officers, one public company board position, (exclusive of the Corporation's board) could materially interfere with a member's service as a director. These other commitments will be considered by the Nominating, Governance & Sustainability Committee and the board when

reviewing board candidates, whether for election or re-election, and in connection with the board's annual self-assessment process.

Directors should advise the board when they intend to accept a position on another board. In general, the Corporation believes that there may be a benefit to the Corporation as a result of directors broadening their experience by serving on other boards provided that such service is compliant with Nasdaq rules and guidelines and does not detract from the director's ability to fulfill his or her ability to meet the expectations set forth above. Service on other boards is one of the factors considered by the Nominating, Governance & Sustainability Committee in evaluating candidates for nomination for election or re-election to the board.

The first obligation of the chief executive officer is to the Corporation, but it is recognized that service by the chief executive officer on outside boards may be beneficial. The board particularly encourages service by the chief executive officer on an outside board of a public company as long as such service remains compliant with Nasdaq rules and guidelines.

The chief executive officer will advise the board, in advance, of his or her desire to accept a position on another board. The Nominating, Governance & Sustainability Committee will be primarily responsible for determining whether such board service is appropriate under the circumstances. The number of outside non-profit and private company boards upon which the chief executive officer may serve will be determined on a situational basis. However, the chief executive officer may not serve on more than one outside board of a public company.

- 6. Director Resignation Policy - Directors Receiving Non-Majority Votes in Uncontested Elections.** Under Article III, Section 8 of the Amended and Restated By-Laws of the Corporation, a nominee for director to the Corporation's board in an uncontested election is elected if he or she receives a plurality of the votes of the shares present in person or represented by proxy at a meeting of the stockholders and entitled to vote on the election of directors. The following procedures address the situation in which a nominee for the Corporation's board does not receive the vote of at least a majority of the votes cast in an uncontested election of directors (a "Non-Majority Vote"). For purposes of this policy, "a majority of the votes cast" means that the number of shares voted "for" a director's election exceeds 50% of the number of votes cast with respect to that director's election. "Votes cast with respect to that director's election" shall include votes of "withhold" but shall exclude broker non-votes, abstentions and failures to vote with respect to that director's election. An "uncontested election of directors" is any election of directors in which the number of nominees for election does not exceed the number of directors to be elected.

By accepting a nomination to stand for election or re-election as a director of the Corporation or an appointment as director to fill a vacancy or new directorship, each candidate, nominee or appointee agrees that if, in an uncontested election of

directors, he or she receives a Non-Majority Vote, the director shall promptly tender a written offer of resignation to the board following certification of the shareholder vote from the meeting at which the election occurred.

The Nominating, Governance & Sustainability Committee of the Board (defined as the “Committee” in this section) will promptly consider the director’s offer of resignation and recommend to the board whether to accept the resignation or reject it. The board will act on the Committee’s recommendation within 90 days following receipt of the Committee’s recommendation.

In evaluating the director’s resignation, each of the Committee and the board shall consider all factors they deem relevant, including, without limitation, (i) the perceived reasons for the Non-Majority Vote, (ii) the qualifications and tenure of the director, (iii) the director’s past and expected future contributions to the Corporation, (iv) the overall composition of the board and whether accepting the resignation would cause the Corporation to violate any applicable rule or regulation (including Nasdaq listing standards and federal securities laws) or any of its material agreements, and (v) whether the resignation would be in the best interests of the Corporation and its shareholders.

In determining what action to recommend or take regarding the director’s resignation, each of the Committee and the board may consider a range of alternatives as they deem appropriate, including, without limitation (i) accepting the resignation, (ii) rejecting the resignation, (iii) rejecting the resignation to allow the director to remain on the board but agreeing that the director will not be nominated for re-election to the board at the next election of directors, (iv) deferring acceptance of the resignation until the board can find a replacement director with the necessary qualifications to fill the vacancy that accepting the resignation would create, or (v) deferring acceptance of the resignation if the director can cure the underlying cause of the Non-Majority Vote within a specified period of time (for example, if the Non-Majority Vote were due to over boarding, by resigning from other company boards).

After the board makes a formal decision on the Committee’s recommendation, the Corporation shall publicly disclose this action in a Form 8-K filed with the Securities and Exchange Commission within four business days of the decision. If the board has determined to take any action other than acceptance of the resignation, the Form 8-K shall also include the board’s rationale supporting its decision.

Any director who tenders his or her offer of resignation pursuant to this policy shall not participate in any deliberations or actions by the Committee or the board regarding his or her resignation but shall otherwise continue to serve as a director during this period.

If other directors who are members of the Committee receive a Non-Majority Vote in the same uncontested election of directors, so that a quorum of the Committee

cannot be achieved, then the other independent directors on the board who received a majority of the votes cast in that election will consider and decide what action to take regarding the resignation of each director who received a Non-Majority Vote. If fewer than three independent directors on the board receive a majority of the votes cast in the same election, then all independent directors on the board shall participate in deliberations and actions regarding director resignations except that no director can participate in the vote on his or her own resignation.

In the event of any election of directors in which the number of nominees for election exceeds the number of directors to be elected, this policy will not apply, and the directors of the Corporation will be elected by a plurality of the votes of the shares present in person or represented by proxy at a meeting of the stockholders and entitled to vote on the election of directors.

- 7. Selection of New Director Candidates.** The board is responsible for nominating its own members. The board delegates the screening process of all nominees and applicants to the Nominating, Governance & Sustainability Committee, with the expectations that other members of the board will be requested to take part in the process as appropriate, and that all nominations for director will be made by a majority of the full board.

The Nominating, Governance & Sustainability Committee is primarily responsible for identifying the need to add one or more directors and for defining the characteristics and qualifications of individuals to be candidates for inclusion on the board. In connection with this effort, the Nominating, Governance & Sustainability Committee should evaluate the profile of the board and discuss it with the chairman, the chief executive officer and the rest of the board, forming a consensus on the number of additional directors to be added at the time and the ideal set of job skills. The Nominating, Governance & Sustainability Committee shall also provide a recommendation to the full board for the position of chairman of the Board if such position becomes, or is expected to become, vacant.

The Nominating, Governance & Sustainability Committee shall determine how the search will be conducted, including whether to employ the services of a search firm. Once the process for conducting the search is determined, the Nominating, Governance & Sustainability Committee, with input from the entire board, should make a list of final candidates.

The chairman and the chief executive officer should have input into the process as well. Once a list of final candidates has been established, the members of the Nominating, Governance & Sustainability Committee, the chairman, and the chief executive officer should meet with each candidate to evaluate his or her suitability. The Nominating, Governance & Sustainability Committee will recommend a candidate to the board, and the board will make the final determination with respect to the selection of a candidate for inclusion on the board. The Nominating,

Governance & Sustainability Committee is also responsible for reviewing candidates submitted by stockholders for consideration and for establishing procedures for evaluating those candidates.

- 8. Directors Who Change Their Job Responsibility.** In the event of a material change in a director's qualifications or status, such as a change in his or her principal occupation or business, he or she should notify the board. The board does not believe that directors who retire or change from the position they held when they came on the board should necessarily leave the board. The Nominating, Governance & Sustainability Committee shall review the continued appropriateness of board membership under these circumstances.
- 9. Term Limits.** The Board does not believe that it should have term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board they have the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Corporation and its operations. The Nominating, Governance & Sustainability Committee shall conduct an annual review of the skills required for the composition of the Board to ensure that the needs of the Corporation are being met.
- 10. Retirement Policy.** The Board does not have a mandatory retirement policy. While a mandatory retirement policy could help insure that there are fresh ideas and viewpoints available to the Board, it has the potential disadvantage of arbitrarily losing the contributions of Directors who over time have developed increasing insight into the Corporation and its operations. The Board relies upon its robust evaluation process (including annual peer reviews for continuing Directors), which considers each Director's anticipated contributions to the Corporation before the Director is nominated for re-election. The Board believes that, once a Director reaches 75 years old, the Director's age should be considered as one factor in the evaluation of his or her overall anticipated contributions to the Board.
- 11. Board Compensation and Equity Holding Guideline.** It is the general policy of the board that board compensation should be a mix of cash and equity-based compensation. Inside directors will not be paid for board membership in addition to their regular employee compensation. Independent directors may not receive consulting, advisory or other compensatory fees from the Corporation in addition to their board and committee compensation.

Each Non-Employee Director is required to own shares of the Corporation's common stock having an aggregate value at least equal to five (5) times their annual cash retainer within five (5) years of the effective date of the Corporation's Stock Ownership Policy, or if a new director, within five (5) years of the start of his or her term.



**12. Business Relationships with Directors and Executive Officers.** Any monetary engagement (other than director or employee compensation or transactions which would not require disclosure under Item 404 of Regulation S-K) (a) between a director (including any entity of which the director is a director or executive officer and any member of a director's Family as defined in the Nasdaq Rules) and the corporation or any of its affiliates or members of senior management or their Families and (b) between executive officers of the corporation (Section 16 officers designated by the board) and the corporation or any of its affiliates, shall be subject to the approval of the Audit Committee. Each director and executive officer must notify the CEO and the chair of the Audit Committee in advance of entering into any such transaction.

## Responsibilities of the Board of Directors

- 1. Primary Responsibilities.** The primary responsibilities of the board of directors are oversight, counseling and direction to the management of the Corporation in the interest and for the benefit of the Corporation's stockholders. The board may delegate such responsibilities to its committees as described in "Board Committees" below. The board's detailed responsibilities include:
- Selecting, regularly evaluating the performance of, and approving the compensation of the chief executive officer and other senior executives;
  - Planning for succession with respect to the position of chief executive officer and monitoring management's succession planning for other senior executives;
  - Reviewing and, where appropriate, approving the Corporation's major financial objectives, the annual capital budget, equity repurchase, or acquisitions, any encumbrance of debt, or issuance of equity and strategic and operating plans;
  - Overseeing the conduct of the Corporation's business to evaluate whether the business is being properly managed;
  - To fulfill the board's responsibility, members shall have full access to the Corporation's books and records when requested;
  - Overseeing the processes for maintaining the integrity of the Corporation with regards to its financial statements and other public disclosures, and compliance with law and ethics; and
  - Establishing and appointing members of appropriate Committees of the board.

The board of directors has delegated to the chief executive officer, working with the other executive officers of the Corporation, the authority and responsibility for managing the business of the Corporation in a manner consistent with the standards and practices of the Corporation, and in accordance with any specific plans, instructions or directions of the board. The chief executive officer and management are responsible to seek the advice and, in appropriate situations, the approval of the board with respect to extraordinary actions to be undertaken by the Corporation.

- 2. Code of Conduct.** Members of the board of directors shall act at all times in accordance with the requirements of the Corporation's Board Member Code of

Ethical Conduct which shall be applicable to each director in connection with his or her activities relating to the Corporation. This obligation shall at all times include, without limitation, adherence to the Corporation's policies with respect to conflicts of interest, confidentiality, protection of the Corporation's assets, ethical conduct in business dealings and respect for and compliance with applicable law.

## Board Meetings

- 1. Scheduling and Selection of Agenda Items for Board Meetings.** Board meetings are scheduled in advance typically every quarter, including an annual budgeting meeting and an annual strategy session. In addition to regularly scheduled meetings, additional board meetings may be called upon appropriate notice at any time to address specific needs of the Corporation. The board may also take action from time to time by unanimous written consent.

The chairman of the board, in consultation with the chief executive officer and with the assistance of management, drafts the agenda for each meeting and distributes it in advance to the board. Each director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Corporation's management, or at any board meeting raise subjects that are not on the agenda for that meeting.

The annual cycle of agenda items for board meetings is expected to change on a periodic basis to reflect, e.g., board requests, changing business and legal issues and the work done by the board committees. It is expected that the board will have regularly scheduled presentations from finance, sales and marketing, and the major business segments and operations of the Corporation. The board's annual agenda will include the long-term strategic plan for the Corporation and the principal issues that the Corporation expects to face in the future.

- 2. Board Material Distributed in Advance.** Information that is important to the board's understanding of the business and its meeting agenda items should be distributed, and appropriately identified, in writing (either in hard copy or electronically), to the board before the board meets. Supplemental written materials will be provided to the board on a periodic basis and at any time upon request of board members.

As a general rule, materials on specific subjects should be sent to the board members in advance so that board meeting time may be conserved and discussion time focused on questions that the board has about the material. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

- 3. Access to Employees and board Presentations.** The board has complete access to contact and meet with any company employee. The board encourages Management to schedule managers to present at board Meetings who: (a) can



provide additional insight into the items being discussed because of personal involvement in these areas, or (b) have future potential that Management believes should be given exposure to the board.

- 4. Executive Sessions of Independent Directors.** The independent directors will meet in executive session, without management present, at least quarterly. It is the general practice of the independent directors to hold such meetings following each regularly scheduled board meeting. The independent chairman of the Board or the chair of the Nominating, Governance & Sustainability Committee (a lead director, or an independent director in the absence of the committee chair) will assume the responsibility of chairing the meetings of independent directors and shall bear such further responsibilities that the independent directors as a whole might designate from time to time.

### **Director Orientation and Continuing Education**

The chief executive officer, in conjunction with Management, is responsible for new-director orientation programs. The orientation programs are designed to familiarize new directors with the Corporation's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for board members may include a mix of in-house and third-party presentations and programs.

### **Board Committees**

- 1. Number of Committees.** The current three standing committees are Audit and Finance, Compensation, and Nominating, Governance & Sustainability. There may, from time to time, be occasions on which the board may want to form a new committee or disband a current committee depending upon the circumstances. The Audit and Finance, Compensation and Nominating, Governance & Sustainability Committees shall be composed entirely of Independent directors.

Each committee will have a written charter, approved by the board, which describes the committee's general authority and responsibilities and which will be posted on the Corporation's web site. Each committee will undertake an annual review of its charter and will work with the Nominating, Governance & Sustainability Committee and the board to make such revisions as are considered appropriate.

- 2. Committee Membership.** The board, based upon the recommendation of the Nominating, Governance & Sustainability Committee, and taking into account the skills and desires of individual board members, shall determine committee membership. The board does not have a policy of a mandated rotation since there may be reasons at a given point in time to maintain an individual director's committee membership(s) for a longer period of time. However, rotation of directors over time is in the interest of the board and shareholders to bring new

ideas and perspectives to each committee. It is expected that each committee chairperson will have had previous service on the applicable committee before becoming chairperson of that committee.

Each committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the committee in its work.

Each committee will report to the board concerning the committee's activities after each committee meeting.

- The Audit and Finance Committee is responsible for the hiring, oversight and compensation of the independent certified public accountants that audit the Corporation's financial statements, and for monitoring the effectiveness of the Corporation's internal financial and accounting organization, controls and financial reporting and risk management (including Cybersecurity risk)
- The Compensation Committee reviews and determines salaries and other matters relating to compensation of the executive officers of the Corporation and administers the Corporation's stock equity plans and long-term incentive plan, including the review and granting or recommending to the board the grant of stock options, and restricted or performance stock units under the Corporation's stock equity plan and long term incentive plan. The Compensation Committee also reviews succession planning in the context of executive compensation.
- The Nominating, Governance & Sustainability Committee reviews and reports to the board on matters of corporate governance (that is, the relationships of the board, the stockholders and management in determining the direction and performance of the Corporation) and reviews and addresses these guidelines and recommends revisions as appropriate. The Nominating, Governance & Sustainability Committee reviews all proposals submitted by stockholders for action at the annual stockholders' meeting and recommends action by the board with regards to each such proposal. The Nominating, Governance & Sustainability Committee also makes recommendations to the board regarding the size and composition of the board, establishes procedures for the nomination process, recommends candidates for election to the board, may nominate corporate officers to be elected by the board, reviews the Corporation's insider trading policy, reviews succession planning for management and annual review and oversight of the Corporation's sustainability (environmental, social & governance) program.

The charters for each of the committees are available on the Corporation's website.

### **Former Chief Executive Officer's Board Membership**

When the chief executive officer of the Corporation resigns from that position, he/she should offer his or her resignation from the board at the same time.

## **Management and Board Review and Responsibility**

Formal Evaluation of chief executive officer. Directors who are not members of management should meet at least annually in executive session to evaluate the performance of the chief executive officer. The Compensation Committee will be primarily responsible for collecting information in connection with the performance of the chief executive officer and presenting such information to all of the independent directors for discussion.

## **Succession Planning and Management Development**

The directors who are not members of management should meet at least annually in executive session to evaluate succession planning for the chief executive officer and other members of management of the Corporation. The Nominating, Governance & Sustainability Committee will be primarily responsible for presenting information to all of the independent directors for discussion. The Compensation Committee will also review succession planning in the context of executive compensation. The chief executive officer will periodically report to the independent directors on succession planning. There should also be available, on a continuing basis, the chief executive officer's recommendations as to his or her successor should he/she be unexpectedly unavailable, and that of his or her management team.

## **Formal Evaluation of the Board**

The board should meet at least annually to assess the board's processes and performance. During this assessment, the directors will evaluate the board's contribution and review areas in which the board and/or management believes a better contribution could be made. If desired by any director, the independent directors will meet in executive session to discuss board processes and performance without the chief executive officer or any other non-independent directors in attendance. The Nominating, Governance & Sustainability Committee is responsible for evaluating individual board members at the time they are considered for re-nomination to the board. The committee may use outside advisors to assist in the evaluations.

## **Board Interaction with Outside Interested Parties**

Shareholders who wish to communicate with one or more directors may do so by addressing written comments c/o Tom McGimpsey, the Corporation's Secretary, at 1595 Wynkoop Street, Suite 800, Denver, CO 80202. The Corporation's Secretary will receive the correspondence and forward it to the director or directors to whom it is addressed. The Secretary is authorized to forward communications that are clearly more appropriately addressed by other departments, such as customer services, human resources or accounting, to the appropriate department. Communications that are forwarded to other departments will be made available to any director who wishes to review them.

The board believes that Management speaks for the Corporation. Individual board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation, but it is expected that board members would do this with the knowledge of Management and, in most instances, at the request of Management.

### **Outside Advice**

The board, or a committee of the board, should be able to communicate directly with the Corporation's principal external and internal advisors (including its auditors, legal counsel, and, when such relationships exist, investment banking and executive compensation advisors). It is noted that a primary function of the Audit & Finance Committee is to provide a direct communication channel to the board for the Corporation's public accountants and others.

Further, there may be occasions when an outside advisor should be specially retained to assist the board or a committee in connection with a particular matter, and the Corporation shall pay any fees and expenses of such advisor.

These Governance Guidelines will be made available on the Corporation's website. The Corporation will include a statement in its annual report to stockholders on Form 10-K indicating that a copy of these Governance Guidelines are available on its website and in print to any stockholder who requests a copy in writing addressed c/o Tom McGimpsey, the Corporation's Secretary, at 1595 Wynkoop Street, Suite 800, Denver, CO 80202. As amended and effective July 28, 2021.