Supply Chain

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Transforming Our Supply Chain 52  
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===== reports | Applied Materials | 2024 Applied Materials Impact Report =====  
  
more sustainable supply chain.   
Our broadening portfolio of innovative and   
eco-advantaged semiconductor manufacturing

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of supply chain partners that provide a range of   
proprietary and commercial parts, components,   
subassemblies and materials used to manufacture

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decarbonize our supply chain; and build a more   
connected and collaborative culture. We have   
been reporting on our impact efforts since 2005.

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• Supply chain resilience

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Labs, Field, Software, Engineering, Supply Chain,   
Business Continuity Planning, Building Secure

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policy as a matter of good practice.Supply Chain Cybersecurity  
Our commitment to data and IP security

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extends into our supply chain. We operate a

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Supply Chain Cybersecurity Program to increase   
awareness, assess and help improve supplier   
security controls, and mitigate risk to Applied.  
The program is sponsored by our Global

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Supply Chain head and Chief Information   
Security Officer and is managed by a cross-  
functional team encompassing Global Supply   
Chain, AGS Commodity Business Management,   
Global Information Security, Information   
Security Risk Management, the Legal and   
Compliance Organization, and Global Sourcing   
and Procurement.   
As part of the program, we engage suppliers   
during the onboarding process and subsequently   
on a risk and need basis for high-impact   
suppliers. In fiscal 2024, Applied completed its   
first on-site cybersecurity audit with one of our   
top 15 suppliers.   
Applied is a member of the SEMI Manufacturing   
Cybersecurity Consortium and holds the   
chair position for three of the seven working

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groups, including Supply Chain Cybersecurity   
and Industry Standards. In 2024, the   
Consortium developed a draft of a standard   
cybersecurity questionnaire, with the aim   
to get 10 participating companies to adopt   
the questionnaire prior to SEMICON West in   
July 2025.Intellectual Property Protection  
We strongly believe that equipping our workforce

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the supply chain and enable Applied to be a

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and supply chain, we have adopted a “PFAS

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impact or supply chain risk. We then look for   
non-PFAS substitutions where technically and   
commercially feasible, prioritizing where we

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can directly affect the supply chain, and work in   
collaboration with suppliers and manufacturers

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supply chain.In 2024, Applied broke ground on building the   
world’s largest and most advanced facility for   
collaborative semiconductor process technology   
and manufacturing equipment R&D, the EPIC Center   
in California’s Silicon Valley. The EPIC Center is the   
heart of a high-velocity innovation platform designed   
to accelerate development and commercialization of   
the foundational technologies needed by the global   
semiconductor and computing industries, and is   
designed to be capable of engaging in public-private   
collaborative efforts.  
In November 2024, a $100 million U.S. federal   
research investment for advanced packaging   
technologies was announced. Applied is working   
in collaboration with others to develop and scale   
disruptive silicon-core substrate technology for next-  
generation advanced packaging and 3D heterogeneous

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everyone in our global workforce and supply chain   
to live and work with dignity, respect, safety and independence. Our commitment is formalized   
in our Human Rights Statement of Principles ,   
and implemented and governed through our

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engineering, manufacturing and supply chain.   
   
All the New College Graduate programs provide   
hands-on experience to put theories into practice   
and build professional skills, including teamwork   
and communication. Throughout the program,   
new college graduates gain an understanding of   
Applied’s culture, values and mission, and have   
opportunities to engage with executive leadership   
within their organization.   
   
Applied offers a wide range of internship   
positions across the globe for qualified students   
in both technical and business areas. Intern   
experiences in the U.S., Europe and Asia range in   
length from two to five months and are supported   
with deep business engagement.   
In 2024, Applied strengthened our internship   
program to help students better understand the   
semiconductor industry and their role in it.  
Apprenticeships   
   
Applied has a strong and growing apprenticeship   
program. We expanded our U.S. Department   
of Labor-registered apprenticeship program   
from two groups in 2023 to four groups in   
2024. The program, provided in collaboration   
with government entities, colleges and other   
companies, supports the development of   
technical talent for the semiconductor industry.   
The program is open to all applicants. Program   
participants come from a variety of backgrounds,   
experiences and perspectives.  
In November 2024, the first class of assemblers   
graduated from the program, and in December   
2024, the first class of process technicians   
graduated after completing two years of college   
course work and on-the-job training with   
mentors and managers.   
Building on the success of the program in the   
U.S., Applied plans to expand the apprenticeship   
program to Taiwan in 2025.U.S. Military and Veterans   
Applied has a strong record as a destination   
employer for U.S. veterans. Veterans bring   
a unique combination of experience, skills,   
leadership and discipline that enables them to   
thrive in the dynamic semiconductor industry.   
Each year, the number of veterans employed at   
Applied grows, yet there are opportunities to   
attract an even larger share of this skilled talent   
pool to our company and industry. To this end,   
we are expanding our veteran outreach efforts.   
Further, Applied is now certified by the U.S.   
Department of Defense SkillBridge program   
to host current active-duty military service   
members in civilian positions so that they may   
gain civilian work experience before they leave   
active duty. We anticipate hosting active-duty   
military service members in 2025.   
In 2024, Applied was recognized as Vet Friendly   
by U.S. Veterans Magazine , ranked as a Best for   
Vets 2024 Employer by Military Times , received   
a Bronze Award from Military Friendly® and is a   
Recognized Employer from VETS Indexes.  
Read more: Applied Careers for Veterans   
Learn more: Applied Internship Program  
Connected Coworkers  
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• Supply Chain ResponsibilityPay Fairness   
Applied is committed to compensating   
our employees fairly. To that end, we have   
structured our compensation program so that   
employees’ pay is based on relevant factors,   
such as employment role, organizational   
level and geographic location, and not on   
demographics.  
To confirm that we live up to this goal of   
fair pay, we have engaged an independent   
third party to calculate pay ratios comparing   
compensation for Applied employees, both   
globally and in the U.S. In each instance, the   
ratio is based on total compensation, which   
reflects the sum of an employee’s base salary,   
any cash bonus and any stock award. The ratios   
compare compensation for employees who   
were in a similar role, level and location for   
fiscal 2024:  
• Total compensation for women globally was   
99% of total compensation for men.  
• Total compensation for women in the U.S. was   
100% of total compensation for men.  
• Total compensation for racial or ethnic   
minorities in the U.S. was 101% of total   
compensation for non-minorities.  
We will continue monitoring our compensation

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Impact Reports.Supply Chain Responsibility

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Supply Chain Certification for Environmental

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supply chain. The effort builds on our   
foundation of supporting ethical labor practices,

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We hold our supply chain partners to the   
same high standards as we hold ourselves.   
Through SuCCESS2030, our assessments of   
supplier performance and capabilities require   
shared commitments across core focus   
areas—including environmental impact and   
labor practices—most of which include defined

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in the Intel supply chain network   
earned this award.Goals and Progress  
SuCCESS2030  
Goal  
Drive compliance with RBA Code of Conduct and   
Applied Materials Standards of Business ConductStatus\*  
Conducted 112 supplier audits, including   
76 initial audits and 36 closure auditsUN SDG  
\*Cumulative data for fiscal 2024  
Human Rights  
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Supply Chain Fairness  
All suppliers, regardless of certification   
or ownership status, must meet the same   
procurement standards and are judged and   
selected based on the merit of their proposals.   
In addition, all suppliers participate in the   
same audits and go through the same rigorous   
onboarding process. There is no special   
consideration or weighting based on ownership   
or diverse supplier status.  
See: Applied Materials Conflict   
Minerals Report  
Human Rights  
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supporting our supply chain in their efforts to reduce their   
greenhouse gas (GHG) emissions.   
By working, innovating and advocating together, we are   
making progress toward collectively lowering operating costs,

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Transforming Our Supply Chain : Empowering   
suppliers with tools, resources and training,   
through initiatives like Schneider Electric’s   
Catalyze program, to help them procure

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Transforming Our Supply Chain

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Our supply chain represents approximately 10% of our overall   
carbon footprint, but its role in transforming the footprint of our

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industry is exponentially greater since our supply chain partners   
also supply our customers and peers. Advancing a more

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Transforming Our Supply Chain  
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Applied’s supply chain infrastructure and inventory   
to offer parts support specifically tailored to our   
customers’ operational needs. FPM allows greater

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critical materialsSee "Supply Chain Responsibility," pages 34-35 ; see also our   
Conflict Minerals Report  
Intellectual Property   
Protection and Competitive   
BehaviorTC-SC-520a.1T otal amount of monetary   
losses as a result of legal   
proceedings associated with   
anti-competitive behavior   
regulationsn /a n /a n /a n /a n /a n /a This information is not tracked at this time  
Activity MetricsTC-SC-000.A T otal production units ~4,100 ~4,200 ~4,400 ~3,600 ~2,000 ~1,800   
Production data covers semiconductor systems  
TC-SC-000.BPercentage of production from   
owned facilities85% 85% 85% 85% 85% 85%

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services, supply chain,

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There have been no significant changes to our company or supply chain.2024 Annual Report , pages 4–7  
2-7 EmployeesWorkforce Metrics, page 65   
Applied Materials will consider providing a more detailed breakdown of our workforce data by gender and   
region in future reporting cycles.  
2-8 Workers who are not employees Workforce Metrics, page 65

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3-3 Topic Management Disclosure Transforming our Supply Chain, page 52

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308-1 New suppliers that were screened using environmental criteria Transforming our Supply Chain, page 52

===== reports | Applied Materials | 2024 Applied Materials Impact Report =====  
  
308-2 Negative environmental impacts in the supply chain and

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actions takenSupply Chain Responsibility, page 34-35 ; Transforming our Supply Chain, page 52

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Supply Chain Responsibility, page 34Human Rights Statements of Principles  
408-1 Operations and suppliers at significant risk for incidents of child   
laborSupply Chain Responsibility, page 34Statement under the California Transparency in  Supply Chains Act   
Standards of Business Conduct

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Supply Chain Responsibility, page 34Human Rights Statements of Principles  
409-1 Operations and suppliers at significant risk for incidents of   
forced or compulsory laborSupply Chain Responsibility, pages 34-35Statement under the California Transparency in  Supply Chains Act   
Standards of Business Conduct , page 19   
Human Rights Statements of Principles

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Supply Chain Responsibility, pages 34-35 414-1 New suppliers that were screened using social criteria

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31 Our business and ESG strategy 109 Our supply chain  
33 Our business model 118 Innovation ecosystem

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some of our supply chain partners to deliver   
according to our agreed plans due to   
material shortages have combined to cause   
significant turbulence and meant that we   
were unable to give our customers what they   
needed all of the time. Ultimately, we have seen the global chip   
shortage that first appeared in 2020 continue   
through 2022. We have all encountered this in   
one way or another in our personal lives,   
whether through delays in taking ownership of a   
new vehicle or reduced availability of technology   
such as solar panels.  
Delivering on our business strategy…  
Although we have at times struggled   
operationally, from a strategic standpoint we   
have continued to deliver. Our

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the logjam in the supply chain.

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workforce and our supply chain to enable us   
to respond quickly and appropriately to the   
current waves of uncertainty.  
…and on our ESG strategy  
The theme for this annual report is Small   
patterns. Big impact. The things we do at   
ASML have a wide-ranging impact, not only   
on our customers but on society at large.   
The technology pioneered by our R&D teams   
and partners sits at the heart of global   
digitalization, and has the potential to   
transform how we all live and work, from

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post-COVID-19 supply chain constraints,   
inflationary pressures and risk of a   
global recession.   
The big picture for our sector continues to be   
dominated by the global shortage of   
semiconductors. With its ability to transform   
how we all live and work, digital technology   
sits at the heart of the macroeconomic   
landscape. Expanding application space and   
relentless innovation are expected to   
continue to fuel growth across   
semiconductor markets. Industry sources   
anticipate annual growth rates of 9% and   
more than a doubling of semiconductor   
revenue from 2020 to 2030.However, while the medium- and long-term   
outlook and trends remain unchanged, the

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The issues that restricted the supply chain   
during and after the pandemic surges of   
2020 and 2021 are beginning to abate, and   
we are scaling up for capacity increases.   
With additional global demand for wafers   
expected to be over 780,000 wafer starts   
per month per year in 2030, we plan to   
increase our annual capacity to 90 EUV 0.33   
NA and 600 DUV systems (2025-2026),   
while also ramping up EUV 0.55 NA (High-  
NA) capacity to 20 systems per year   
(2027-2028).Trends affecting our marketplace  
The following are some of the major   
themes and trends driving our industry’s   
development, both today and tomorrow.  
Increasing market demand   
The convergence of wireless communication,   
telecom, media and cloud via connected   
devices continues to drive demand for   
advanced semiconductors across the globe.   
Growing populations, urbanization, the

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complexity throughout the supply chain and   
the processes required. The industry, like so

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needs to review its global supply chain.Acting on climate change

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Secure unique supply chain   
capabilities to ensure business

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operations, including our supply chain, we are also looking

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supply chain is a critical enabler of our   
ambition to grow our core business. In   
order to deliver our growth aspirations, we   
need to secure innovation, scale-up and   
continuity, sound business conditions and   
a constructive collaboration model with   
our unique technology suppliers. We are   
pro-actively assessing our supply base for   
projected demand and control of future   
roadmap-enabling capabilities.  
Strengthen   
customer trust  
DUV   
competitiveness  
Enhance our innovation and   
operational excellence capabilities   
to deliver on our roadmap for new

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– Secure supply chain innovation  
– Commit investment and   
resources to technology– Deliver critical materials  
– Deliver critical data  
– Deliver new required processes

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and sustainable supply chain.  
Suppliers  
How we engage Main topics  
– ASML’s Supplier Day   
– Direct interactions via supplier account teams/  
procurement account managers   
– Supplier audits   
– Site visits   
– Newsletter   
– RBA self-assessment questionnaire (SAQ)

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collaborating with our supply chain to   
increase our output capability for EUV as well   
as DUV. To address materials shortages, we   
are significantly expanding capacity together

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with our supply chain partners, although   
these shortages have already led to the late   
start of the assembly of a number of   
systems. As our tools are in high demand,   
our customers are frequently requesting fast   
shipments. A fast shipment process skips   
some of the testing in our factory. Final   
testing and formal acceptance then takes   
place at the customer site. This leads to a   
delay of revenue recognition for those   
shipments until formal customer acceptance,   
but does provide our customers with earlier   
access to wafer output capacity.  
Additionally, I would like to highlight that   
safety is at the heart of our business. While   
we did not encounter any ASML work-  
related fatalities, regrettably two contracted   
workers had a fatal accident on ASML   
premises in Wilton in 2022. We are doing   
everything we can to minimize this risk and   
are working proactively at all levels to deliver   
on our mission to ensure injury-free and   
healthy working conditions.Are the current financial uncertainties   
affecting capital investment plans?

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global semiconductor supply chain is   
properly assessed. Given the timelines and   
current market situation, we do not expect   
these measures to have a material effect on

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wavelengths. To achieve this, we and our supply chain   
partners are actively adding and improving capacity to   
meet future customer demand.   
At our November 2022 Investor Day, also known as   
Capital Markets Day (CMD), we presented our upward   
revised long-term growth opportunity for 2025 as well as   
2030. We remodeled our previous sales scenarios in a   
low and high market due to the rapid evolution of end-  
market technology growth drivers technological   
sovereignty and foundry competition projects since our   
update in 2021. Based on the different market scenarios, we believe we   
have an opportunity to reach annual sales of between   
approximately €30 billion and €40 billion in 2025, with a   
gross margin between approximately 54% and 56%.  
Looking further ahead, for 2030 we believe we have an   
opportunity to reach annual sales of between   
approximately €44 billion and €60 billion, with a gross   
margin between approximately 56% and 60%.  
The main additional demand drivers behind the upward   
adjustments of our scenarios are the market-driven   
growth in both advanced and mature markets,

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– Supply chain   
disruption risk– Knowledge   
management risk  
– Organizational   
effectiveness risk

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Supply chain disruption  
Human resource

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challenges. We face challenges to increase production capacity in our end-to-end supply chain to meet this demand. This is amplified by

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supply chain constraints.  
– Hiring, onboarding and retaining the workforce in the current competitive market is increasingly challenging. Consistent pressure on our   
organization and people as a result of our growth may lead to well-being issues among our employees.  
– The high demand we are continuing to experience could change customers’ sourcing strategies to become less dependent on ASML.

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– Optimization of supply chain footprint– Geopolitical tensions are rising and additional export control restrictions have been imposed during 2022. The risk of further restrictions on   
exports or investments is high, and as a consequence global trade is shifting from globalization to regionalization as China, US and many   
other countries strive for technological sovereignty. In particular, the tensions between China and the US may lead to a decoupled ecosystem

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and – in the longer term – overcapacity. Given the important role both countries play in the semiconductor supply chain, this can have a   
significant impact on our industry. Trade and export barriers have already impacted our ability to sell to and service systems for certain   
customers, and this is likely to continue to impact our business going forward.   
– Changes in relations between Taiwan and the People’s Republic of China could lead to additional trade restrictions and could impact our

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employees and the ability to utilize our manufacturing facilities and supply chain in Taiwan for our global customers, as well as our ability to   
service our customers in Taiwan.  
Weakening global economy – Control costs and maintain flexibility

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Supply chain disruptionStrengthening ESG regulations and increasing stakeholder expectations – Stakeholder engagement and disclosures  
– Deployment of ESG strategy in our organization and   
value chain  
– Non-financial reporting in accordance with the Global

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heat and precipitation stress, rising sea levels) that can impact continuity of our operations and/or our supply chain. ASML ANNUAL REPORT 2022 RISK CONTINUED STRATEGIC REPORT GOVERNANCE FINANCIALS 55  
How we manage risk (continued)  
   
The risk factors below are classified under   
these six risk types. Any of these risks and   
events or circumstances described therein   
may have a material adverse effect on our   
business, financial condition, results of   
operations and reputation. These risks are   
not the only ones that we face. Some risks   
may not yet be known to us, and certain   
risks that we do not currently believe to be   
material could become material in the   
future.   
Many of these risks may be intensified by   
global events such as the COVID-19   
pandemic (including the China Zero-COVID   
policy), the Russia–Ukraine conflict,   
inflation, global measures taken in   
response to these events and any   
worsening of the associated global

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Certain of our manufacturing facilities as well as our supply chain   
and customers are located in Taiwan. Customers in Taiwan   
represented 38.2% of our 2022 total net sales and 39.4% of our   
2021 total net sales. Taiwan has a unique international political   
status. Changes in relations between Taiwan and the People’s   
Republic of China, Taiwanese government policies and other

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operations and/or our supply chain. Climate change   
concerns and the potential environmental impact of

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Risk category: Supply chain disruption, Supplier strategy and performance  
We rely on outside vendors for components and   
subassemblies used in our systems, including the   
design thereof. These components and subassemblies   
are obtained from a single supplier or a limited number   
of suppliers. As our business has grown, our   
dependence on single suppliers or a limited number of   
suppliers has grown, because the highly specialized   
nature of many of our components, particularly for   
EUV including 0.55 NA systems, means it is not   
economical to source from more than one supplier.   
Our sourcing strategy therefore (in many cases)   
prescribes ‘single sourcing, dual competence’. Our   
reliance on a limited group of suppliers involves several   
risks, including a potential inability to obtain an   
adequate supply of required components or   
subassemblies in time and at acceptable costs, and   
reduced control over pricing and quality. Delays in   
supply of these components and subassemblies,   
which could occur for a variety of reasons, such as   
disruptions experienced by our suppliers, including

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our supply chain, resulting in a late start on the   
assembly of a number of systems. In addition, due to   
high demand, we reduced cycle time in our factory to   
ship more systems. We have achieved this through a   
fast shipment process that skips some of the testing in   
our factory. Final testing and formal acceptance then   
takes place at the customer site. This provides our   
customers with earlier access to wafer output capacity   
but also leads to a delay of revenue recognition for   
those shipments until formal customer acceptance. We   
and our suppliers are investing in additional capacity to   
meet the demand. However, increasing capacity takes   
time, and we may be unable to meet the full demand of   
our customers for a few years. Further, we face the risk   
that demand may not continue to increase, which could   
result in overcapacity and loss of investment in   
increasing capacity.In addition, most of our key suppliers, including Carl   
Zeiss SMT GmbH, have a limited number of   
manufacturing facilities, the disruption of which may   
significantly and adversely affect our production   
capacity.  
Lead times in obtaining components have increased as

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our end-to-end supply chain to meet this demand, but   
we face challenges in increasing capacity. For   
example, in order to increase our capacity, we depend   
on our suppliers increasing their capacity, and it takes   
time to build the production space and equipment

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required for expansion. We and our supply chain also   
need to obtain permits to make expansion possible;   
these may not be (timely) granted.  
It is a challenge for ASML and our suppliers to hire and   
retain more employees in the current competitive labor   
market. Our processes and systems may not be able   
to adequately support our growth. In addition, our end-

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to-end supply chain is facing a shortage of materials   
which is hampering our growth.If we are not successful in increasing our capacity to   
meet demand, this could impact our relationships with   
customers and our competitive position. The increased   
demand and resultant supply constraints that we are   
continuing to experience lead to longer lead times for   
customers which could result in customers changing   
their sourcing strategy to become less dependent on   
ASML, which impacts our market share in certain

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financial markets and supply chain, which therefore

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ability of our supply chain to obtain parts,   
components and gas supply. In addition, the conflict

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– Our supply chain Read more on page 109 >   
– Innovation ecosystem Read more on page 118 >

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supply chain (scope 3) by 2030, and net zero

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Supply chain, business travel and

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operations, throughout our supply chain and in the use of

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and in our supply chain. As well as increasing the productivity of our products, we are also working toward reducing their

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supply chain (either to the original module suppliers or to   
ASML). Our goal is to standardize these processes and   
create a network-related solution to enable high flexibility   
and reduce transport, which also reduces our CO2e   
footprint.  
We are improving the re-use of packaging, locking and   
transport materials from the field and factory, and aim to   
return and re-use 80% or more in the next installation or   
relocation. Local repair centers  
We are extending the number of local repair centers for   
refurbishing, repairing or cleaning service parts,   
packaging and tools, and we are setting up global repair   
centers for factory materials. The value handled by our   
local repair centers increased fourfold in 2022, and we   
expect it will increase three times again in 2023. Our goal   
for 2025 is that 10% of our parts sent to the field should   
be repaired locally.  
Currently we have local repair centers in South Korea   
and China, and we are rolling out plans for all our   
customer regions to eventually have one or more in   
place. A global repair center has been opened in Linkou   
and additional global repair centers will be established at   
each of our factory hubs in Wilton and San Diego (US)   
and Veldhoven (the Netherlands).  
Our repair centers partner with local material suppliers   
and specialized repair partners, creating a local   
ecosystem. By enabling repair and re-use activities and   
taking ownership of repairs in the field close to our   
customers, we are able to reduce logistics time, the   
costs of stocking parts and our environmental impact (by

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the pressure on our supply chain, secure supplier output

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employees, our supply chain, everyone involved in our

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Our supply chain Read more on page 109 >  
SDG 8 and 12 – Supplier performance and risk management

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involved in our innovation ecosystem and supply chain.   
   
6.0% 37,643  
Attrition rate   
(2025 target: <7%)Total employees (FTE)1  
EMEA 21,267  
Asia 8,871   
US 7,505  
78% (-4%) 24%  
Employee engagement score   
against benchmark   
(2025 target -2% vs. top 25%   
performing companies)Gender diversity (%   
females’ inflow)  
(2024 target: 23%)  
143  
Nationalities  
IN THIS SECTION  
98 Our overall performance in 2022  
99 Inspiring a unified culture  
101 Best employee experience  
106 Enabling strong leadership  
107 Ensuring employee safetyOur approach  
Our engaged, diverse and highly skilled employees are   
critical to the performance of our organization and our   
long-term success as a company. We work hard to   
attract the world’s top talent and focus on helping them   
reach their full potential.  
ASML’s people vision sets out our ambition for the   
future, supporting our values and what we stand for: We   
empower each other to thrive, fueling our growth,   
happiness and business success.  
Everyone throughout the organization has an important

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supplier base.Our supply chain  
   
   
SDG targetHow we measure   
our performance  
SDG target 8.8  
Protect labor rights and   
promote safe and secure   
working environments for   
all workers, including   
migrant workers, in   
particular women   
migrants, and those in   
precarious employment– Compliance with RBA   
Code of Conduct  
– RBA self-assessment   
questionnaire completion   
– Suppliers with high risk

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Our supply chain  
Setting the bar higher for our world-class supplier network to achieve the innovations we strive for,

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ASML’s supply chain strategy is centered on long-term   
relationships and close cooperation with our suppliers   
and partners. Our goal is to ensure we have the

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ASML’s supply chain strategy is centered on long-term   
relationships and close cooperation with our suppliers   
and partners.  
   
 We require our suppliers to:  
1.Secure materials from their suppliers to enable the   
output ramp-up for customers

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strategyTo drive a sustainable and resilient supply chain, we   
place high importance on supplier performance

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management, supply chain risk management and playing

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supply chain') over the following pages.ASML ANNUAL REPORT 2022 SOCIAL CONTINUED STRATEGIC REPORT GOVERNANCE FINANCIALS 110

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Our supply chain (continued)  
   
Our overall performance in 2022  
Progress tracking  
Topic Target 2025 Performance indicator 2020 2021 2022 Status

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For more supply chain performance indicators (PIs) see:

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Non-financial statements – Non-financial indicators – Our supply chain. ASML ANNUAL REPORT 2022 SOCIAL CONTINUED STRATEGIC REPORT GOVERNANCE FINANCIALS 111

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Our supply chain (continued)  
On track or met target •  
Ongoing focus area n  
   
Our approach  
Supplier performance management  
To help us manage ASML’s growth and our future   
ambitions, we continue to improve our key business   
processes. Tight risk control and continuous supply   
chain improvement are key to ensuring quality, long-term

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or reduce those risks.Supply chain risk management  
Due to the highly specialized nature of many of our parts   
and modules, as well as the low volume, it is not always   
economical to source from more than one supplier. In   
many instances, our sourcing strategy therefore   
prescribes ‘single sourcing, dual competence’, which   
requires us to proactively manage supplier performance   
and risk.  
In our risk management framework, we assess six risk   
domains – calamity, ownership, finance, intellectual   
property ownership, information security and   
compliance. Since suppliers operating in the same   
industry or market are typically exposed to similar risks,   
we evaluate suppliers’ risk and performance within the   
context of their supply market category. We will adjust   
our category strategies where required to meet ASML’s   
short- and long-term business needs. In cases where   
risk exceeds the agreed threshold, mitigation measures   
are taken. For example, we have long-term supplier   
agreements (LTSAs) and/or continuous supply   
agreements in place, or ensure the availability of   
intellectual property in escrow.   
Read more in:   
Risk - How we manage risk.Our performance and actions in 2022  
We conduct continuous performance and risk   
management of our supply base to assuring and   
improving performance, and preventing reputational   
damage. Two key programs to this process: a suppliers'   
business continuity program aimed at securing continuity   
of supply and suppliers’ information security; and an   
information security and cyber resilience program   
intended to protect our intellectual property and maintain   
our leading technology position.  
Business continuity program  
In 2022, we continued to focus on improving business   
recovery capabilities, carrying out a review of business   
continuity plans for reassurance that suppliers can re-  
establish deliveries within the shortest possible time   
frame in case a disruptive event occurs. We require   
suppliers to have business recovery capabilities in line   
with the ISO 22301 standard. Supplier recovery plans are   
requested, evaluated and, where needed, improved to   
prevent potential business disruptions. For example,   
suppliers might be required to store their inventory in   
separate locations, implement fire prevention controls or   
increase buffer stock. In 2022, we included 235

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Our supply chain (continued)  
Supplier performance and risk management  
   
Our approach  
We actively pursue sustainable development of our

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supply chain to ensure that our Tier 1 suppliers and   
contractors conduct their business in a caring and

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supply chain, we deploy several programs that focus on

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our Tier 1 supply chain by focusing on seven building   
blocks – Supplier Code of Conduct (RBA), RBA self-

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supply chain complexity, the number of tiers of suppliers   
involved in tracing the source and the limited number of   
certified conflict-free smelters for all conflict minerals.

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Obtaining correct data from our supply chain is a   
challenge, but we continue to encourage our suppliers to   
trace the origins of the 3TG minerals within their supply   
chain in accordance with applicable conflict minerals   
rules and regulations. We also request our suppliers to   
report smelters who are not listed or identified on the   
RBA smelters list to the RBA for audit.  
For more information, please see our   
Conflict Minerals report available on www.asml.com.

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Our supply chain (continued)

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Our supply chain (continued)  
   
By year end 2022, 59% of the 60 suppliers in scope had   
signed the Letter of Intent, acknowledging their joint   
responsibility and commitment to reducing the collective   
environmental footprint – in particular the CO2e emissions

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Our supply chain (continued)

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Our supply chain (continued)  
   
Our actions in 2022

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Our supply chain (continued)  
   
€3.3bn 63%  
R&D Investments   
(2025 target: >4bn)R&D spend as % growth   
from 2019 base year   
(2025 target: >100%)  
€14.7m €1.0m  
Contribution to EU research   
projectsValue startups and   
scaleups in-kind support  
IN THIS SECTION  
119 Our overall performance in 2022  
120 Partnerships for research and development  
122 Supporting startups and scaleupsOur approach  
We see ourselves as architects and integrators, working   
with partners in an innovation ecosystem. Our focus is on   
innovating through partnerships, and in our innovation   
ecosystem, long-term collaboration is based on trust. By   
sharing our expertise with the ecosystem, we build a   
strong knowledge network capable of creating   
technological solutions that society can tap into. We   
share both risk and reward, and this collaborative   
approach allows us to accelerate innovation.   
We focus on collaboration with research centers, fueling   
the innovation pipeline through partnerships with   
academia and research institutes, and collaboration with   
R&D partners through EU public–private partnerships.   
We also believe that we can create greater impact in the   
ecosystem by nurturing future young tech through   
support for startups and scaleups.  
Over the following pages, we explain how our approach   
to partnerships can accelerate innovation.Innovation ecosystem  
   
SDG target How we measure our performance  
SDG target 9.1  
Develop quality, reliable, sustainable and resilient   
infrastructure, including regional and transborder   
infrastructure, to support economic development and   
human well-being, with a focus on affordable and   
equitable access for all– Supporting startups to Star level  
– Supporting scaleup projects  
– Collaboration in EU projects  
SDG target 9.4  
By 2030, upgrade infrastructure and retrofit industries to   
make them sustainable, with increased resource-use   
efficiency and greater adoption of clean and   
environmentally sound technologies and industrial   
processes, with all countries taking action in accordance   
with their respective capabilities– Collaboration with research partners

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as systems engineering, supply chain management,   
business/corporate development, targeting beachhead   
markets, managerial issues, funding issues and public   
affairs. Through the exchange of best practices, business   
experience and coaching from senior corporate experts,   
the MNP partners aim to support scaleup companies in   
their development to become global players by giving   
them access to their internal and external networks.  
Our targets  
Our target for 2025 is for >20% of the total startups to reach

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the supply chain and to assist in entering new markets   
and scaling up manufacturing. DeepTechXL originates   
from and will work closely with HighTechXL.ASML is also one of the main shareholders of HighTechXL,   
together with other tech-minded partners in the region such   
as Philips, TNO, BOM and High Tech Campus Eindhoven.   
Through HighTechXL, we build and accelerate impactful   
startups by combining high-tech entrepreneurial talent and   
relevant technologies from reputable tech partners such as   
ESA, CERN, Fraunhofer, imec and TNO, with the goal of   
solving major global societal challenges. Selected ASML   
talents join these startups for 30% of their time for a period   
of three months. They define their learning goals and typically   
benefit from both enriched skills and mindsets after this   
entrepreneurial experience.  
To date, over 20 new deep-tech ventures have   
completed the program and some are already receiving   
global attention. Moreover, several new ventures are   
currently still in the accelerator program, making good   
progress, and new cohorts are already planned.  
Action plans for 2022-2025  
We are on track to support 14 new scaleup projects by   
2025 and to meet our R&D investment targets. However,   
the target of 20% of startups to achieve Star level by   
2025 may take longer than originally expected. This   
target was first set when HighTechXL was still a   
traditional startup accelerator, but since it was   
transformed into a venture building program, we have   
seen that it generally takes longer for these newly   
established startups to mature. Additionally, the focus is   
now on deep-tech, which typically requires a longer time   
to develop. A discussion on defining a more applicable   
target reflecting the new situation is ongoing.inPhocal makes first sale after two years as HighTechXL   
Venture Building Program alumnus  
In 2020, a group of enthusiastic founders set course on a   
journey to start inPhocal, a deep-tech company based   
on an optical technology that originated from the CERN   
institute, where it was originally developed for long-  
distance alignment of equipment in their Large Hadron   
Collider (LHC) experiment.   
Within the nine-months HighTechXL venture building   
program, inPhocal was given the chance to pick   
technologies from several top-class institutes and   
companies, such as ASML, the European Space   
Agency, Philips and TNO, and to develop themselves   
into a mature company. As part of this program, inPhocal   
discovered the potential of their unique technology for   
laser processing, which provides a laser beam with a   
long focus depth – this means the focus does not have   
to be adjusted when marking curved objects or cutting   
through thick materials, which results in unprecedented   
improvements in speed and efficiency. Market research   
proved that their technology could indeed solve current   
problems and their technology quickly gained the interest   
of several large companies, such as Heineken, Coca-  
Cola, Pepsico, AbInBev and Logitech.  
We are on track to support 14 new scaleup   
projects by 2025.In the meantime, inPhocal developed a functional

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supply chain. The Human Rights Policy applies to ASML   
and its subsidiaries anywhere in the world. The overall   
responsibility for identifying and managing human rights   
issues in our direct operations falls under the remit of our   
Executive Vice President HR. Responsibility for human

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rights in our supply chain falls under the remit of our

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Executive Vice President Sourcing and Supply Chain.Defining salient human rights issues  
Salient human rights issues are those human rights that   
are at risk of the most severe negative impact through a   
company’s activities or business relationships. Our   
commitments to address and engage actively in our   
salient human rights issues are highlighted in our Code of   
Conduct, Human Rights Policy and RBA Code of   
Conduct for suppliers. We identify and manage human   
rights issues in various ways, for example through   
stakeholder engagement and by assessing human rights   
in our own operations, as well as suppliers’ due diligence

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Our supply chain  
We assess risks related to human rights in our supply   
chain through a risk-based approach. In our due   
diligence process, we use the RBA Risk Assessment   
Platform to identify inherent risks in labor (including   
human rights), ethics, health and safety and   
environmental standards across our full supply base.   
In the event that a medium or high risk relating to labor is   
identified, we engage with the supplier and conduct a   
more detailed analysis. For strategic suppliers covering

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In our supply chain network, we use a single model for   
risk assessment of our partners, which they also use in   
order to screen their suppliers. We are also in close   
contact with peers, partners and best-in-class security   
solution providers, and our security solutions are tested   
regularly through penetration testing (ethical hacking) to   
identify exploitable issues so that effective security   
controls can be implemented.   
Given the continuous trend of increasing cyber and   
security risk and the increasing geopolitical attention towards ASML, we are continuously reviewing the   
adequacy of our risk control framework and continue to   
implement additional controls. However, given the   
pervasiveness, sophistication and rapid rise of   
cybersecurity and other security risks, the geopolitical   
attention towards the semiconductor industry and the   
inherent limitations that follow from our collaborative   
innovation approach, this may not always be sufficient to   
prevent an incident, and reduce this risk entirely. Hence a   
relentless drive is required and in place to adopt the   
latest best practices.  
Read more in:   
Risk - How we manage risk.  
Creating Security Circles of Trust  
At ASML, we develop our technology in close   
collaboration with partners inside and outside our   
company in an innovation ecosystem based on   
trust. Innovating and collaborating in a connected   
ecosystem requires secure information sharing   
beyond corporate boundaries, as the vulnerability to   
cyberattacks is extended to the perimeter of the   
total ecosystem.  
Therefore, in 2021 ASML started the Security   
Circles of Trust initiative to protect our innovation   
ecosystem in the Brainport Eindhoven region and   
the Netherlands. The ‘circle of trust’ is a network of   
peers and suppliers who jointly embrace the same   
information security standards and raise their   
performance against these standards. The network   
also drives the exchange of knowledge and best   
practices between ASML, suppliers and ecosystem   
partners.We share best practices to help our innovation   
partners develop and reinforce security maturity.   
The goals are to protect intellectual property and   
guard the industry and the region against   
cybercrime such as ransomware, to share relevant   
threat intelligence, to collaborate on security topics   
and to become more secure together. Annually we   
hold master classes with our top 10 key suppliers   
and more than 50 of our neighbor companies to   
increase information security awareness and   
knowledge in the region, and to share practical tips,

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supply chain incidents – through our incident-reporting   
system. We are proud to report that in 2022 there were

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solutions, enabling automated supply chain   
communication and delivering flexible reporting   
capabilities.  
– A global safety focus to strengthen our   
communications with new local safety expert teams   
and establish a regulatory intelligence team.  
– A proactive approach toward upcoming regulations   
such as PFAS, TSCA and the Battery directive by   
taking part in the Semiconductor PFAS Consortium,   
working with our business partners and the supply   
chain, and establishing a working relationship with a

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supply chain issues, 2022 has been another record year   
for our company. Driven by continuing strong demand for   
microchips, we currently enjoy the fullest order book in   
our history – and we are in a very good position to   
achieve further growth in the years to come.  
As a supervisory Board we are of course very pleased   
with these achievements that only could be realized   
thanks to our highly engaged workforce that always went   
the extra mile required. We are satisfied, but not   
complacent. The high market demand, especially for   
DUV, took us by surprise and our systems and supply   
chain issues did not allow us to meet all our customer   
requirements.  
In order to maintain our success we are working hard to   
prepare for the future. Below, I outline some of the key   
areas that we focused on during 2022.  
Reviewing our capacity plans  
The last 12 months again saw unprecedented demand   
for semiconductors, both in mature as well as leading   
edge technology, resulting in the fullest order book in our   
history. This against a backdrop of a declining global   
economic growth, driven by geopolitical tensions –   
including the war in Ukraine as well as legacy issues   
associated with COVID-19 - with resulting high inflation

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supply chain with the required flexibility to cope with   
market volatility.  
The Supervisory Board also discussed in detail with   
management the actions required to meet the short term   
demand of our customers. Although we could not supply   
all that we were asked to deliver, we ensured that our   
teams did everything possible to help our customers   
continue to meet the demands of their customers. For   
example, our fast shipments initiative reduced throughput   
time and increased output by having some final testing   
and formal acceptance carried out on customer sites   
instead of at our own facilities.  
Organizing for continued growth  
Reviewing our priorities for continued growth, we   
confirmed that our current core business presents by far   
the biggest opportunity. This requires a further   
strengthening of our partnerships with certain key   
suppliers, where we are making good progress. In   
addition, we see interesting opportunities in adjacent   
holistic lithography markets that we will further explore.   
We strive to foster a unified culture at ASML based on   
our values of challenge, collaborate and care. Making the   
impossible possible and always trying to reach the   
cutting edge of what is technically doable are core   
characteristics of our company. However, ASML’s rapid   
growth presents significant challenges for our way of   
working, our people and our managerial capacity and

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as our Supply Chain Management.  
In addition, as a Supervisory Board, we maintained a   
strong focus on Management development and   
succession planning. We are working hard together with   
the Board of Management to identify and develop the   
talent we need to ensure that we have qualified   
successors both in middle- and senior-management to   
deliver continued growth and meet market demands for   
cutting edge lithography solutions.  
Emphasizing the importance of ESG

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innovation ecosystem and the supply chain. Overarching

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make the supply chain more robust and resilient.  
Our visits to internal functions including the 5L   
Warehouse project and the High NA factory gave us a   
good insights into the expertise we have at ASML and   
delivered valuable learnings on further improvement   
required. l We also visited one of our key technology   
partners, the Advanced Research Center for   
Nanolithography (ARCNL), where we were impressed by   
their depth of technical capability.  
In addition a delegation of the Supervisory Board   
regularly meets with the Works Council in order to better   
understand the needs and concerns of our people.   
Although our thoughts are usually closely aligned with   
those of the Works Council, we ensure that we engage   
directly with them to provide a clear communications   
channel to the feelings of people across our organization.Also Members of the Supervisory Board regularly meet   
with institutional investors. For instance, the Chair of our   
Remuneration Committee frequently engages with major   
investors to ensure that the Remuneration Policy is   
closely aligned with their expectations.   
Looking ahead  
The Supervisory Board is confident that the full order   
book – supported by the skills and passion of our   
outstanding teams – lays a firm foundation for the   
months and years ahead. While geopolitical matters,   
likely mild recession and the aftermath of COVID-19 will

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continue to hamper efforts to ensure the supply chain   
runs smoothly, ASML is well placed to achieve another   
excellent performance in 2023.  
At the 2023 AGM, Rolf-Dieter Schwalb and I will step   
down after having served on ASML's Supervisory Board   
for eight years. On behalf of the Supervisory Board I   
would like to express gratitude to Rolf-Dieter for his   
important contribution to the Supervisory Board,   
especially as Chairman of the Audit Committee and   
previously also as Chairman of the Remuneration   
Committee.During our 8 years on the Board, we were part of a   
fantastic journey that saw ASML grow with the   
breakthrough of EUV from a 6 billion revenue company in   
2014 to a 21 billion Company in 2022, driven by absolute   
customer focus, technological prowess and an   
unbelievably strong “can do” mentality. The journey will   
continue under our successors. For us it was a pleasure   
and a privilege to serve.  
To close, on behalf of the whole Supervisory Board I   
would once again like to thank every member of our   
39,086-strong team for their hard work and sheer   
enthusiasm throughout 2022.You made it happen!  
Gerard Kleisterlee

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and FTEs, supply chain). The challenges and risks   
related to the capacity ramp-up were also a key focus

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supply chain. The Supervisory Board closely monitored   
the developments in this regard and saw management   
address these challenges with the highest priority.  
As a technology leader in the semiconductor industry,   
technological progress is one of ASML’s top priorities.   
The Supervisory Board closely followed the execution of

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supply chain including industrial footprint  
– Market outlook and demand drivers  
– Update on business sectors: EUV, DUV, Applications  
– AGM updateQ3  
– 2022 statutory interim report  
– Cash return including dividend policy and interim   
dividend  
– Visit to ASML new logistics warehouse (5L)  
– HR&O update  
– Risk management: Update risk landscape & deep dive:   
Security  
– Strategy deep dive: 2023-2027 litho demand and   
consequences for ASML capacity  
– Business Performance Improvement initiative including   
update on Our New Enterprise program  
– Revision to insider trading rules  
Q4  
– Annual strategy review  
– Long-term financial plan and Annual Plan 2023  
– Update of business plans of the business sectors and   
functions  
– Cash return including interim dividend and share   
buyback program  
– Strategy deep dive: Expansion beyond current scope  
– Strategy deep dive: Value strategy  
– Strategy deep dive: Data   
– Transformation projects related to sourcing & supply   
chain, Customer and operating model  
– Capital Markets Day messaging  
– Composition of Supervisory Board  
– Composition of Board of Management  
– HR&O, including deep dives on Diversity & Inclusion   
and Culture  
– Customer deep dive: Intel

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supply chain management  
Business in Asia  
For further information and background on the members of the Supervisory Board, including details on nationality, gender and age,   
please see the

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requirements and how supply chain challenges are   
managed. In addition, the Technology Committee was   
presented with input regarding the possibilities and the   
landscape beyond EUV 0.55 NA (High-NA).In Q4, the Technology Committee invited imec to provide   
its view on the long-term device roadmap for both Logic   
and Memory, and this was followed by a detailed   
discussion of the impact of the device roadmap on the   
lithography roadmap. In addition, the Technology   
Committee discussed the developments and

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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

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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.

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result, dividends received and other equity movements, as well as the capitalization of R&D and supply chain support funding as disclosed in   
Note 26 Related parties and variable interest entities. The dividend received is a cash inflow of €178.7 million (2021: €168.0 million, 2020:   
€128.1 million).  
3. Purchase of property, plant and equipment includes a cash outflow of €33.8 million (2021: €69.2 million, 2020: €203.7 million) to related parties,

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ASML owns the majority of real estate we utilize for manufacturing, supply chain management and general   
administration at our headquarters in Veldhoven, the Netherlands. At our other locations worldwide, most of the   
properties we occupy are leased.  
Lease liabilities are split between current and non-current. The non-current portion mainly consists of properties and   
warehouses. For the year ended December 31, 2022, Lease liabilities under an operating lease arrangement   
increased by €35.0 million, mainly due to new leases of warehouses that commenced during 2022. Year ended December 31 (€, in millions) 2021 2022  
Current 46.6 47.6   
Non-current 120.3 151.5   
Lease liabilities 166.9 199.1   
The Consolidated Statements of Operations include the following depreciation charges relating to these leases:  
Year ended December 31 (€, in millions) 2020 2021 2022  
Properties 51.7 52.2 52.3   
Cars 5.5 4.8 2.7   
Equipment 7.0 — —   
Warehouses 6.6 3.0 4.0   
Other 5.9 2.4 1.4   
Depreciation charge right-of-use assets 76.7 62.4 60.4   
The total cash flows relating to the lease liabilities are as follows:  
Year ended December 31 (€, in millions) 2020 2021 2022  
Total Cash Flows 61.7 68.9 57.9   
The weighted average remaining lease term and weighted average discount rate related to the leases are as follows:  
Year ended December 31 (€, in millions) 2020 2021 2022  
Weighted average remaining lease term (months) 147 62 67

===== reports | ASML | 2022 ASML Annual Report =====  
  
Manufacturing and Supply Chain Management 7,680 8,237 9,953   
Strategic Supply Management 346 707 1,541   
General & Administrative 2,061 2,761 3,768

===== reports | ASML | 2022 ASML Annual Report =====  
  
In 2016, we agreed with Carl Zeiss SMT GmbH to support their R&D costs, capital expenditures and supply chain   
investments, in respect of EUV 0.55 NA (High-NA). With our new framework agreement, these payments will no   
longer be made starting in 2021. We paid €969.1 million prior to the effective amendment date of the new framework   
agreement, of which €305.5 million relating to R&D costs, which was not to be repaid, and €663.6 million relating to

===== reports | ASML | 2022 ASML Annual Report =====  
  
capital expenditures and supply chain investments. The method of repayment for the capital expenditure and supply   
chain investment support has been converted to be repaid annually to ASML between 2021 and 2032. This amount   
is presented within Other Assets as Advanced payments to Carl Zeiss SMT GmbH. The new framework agreement   
does not change the risk associated with these assets.

===== reports | ASML | 2022 ASML Annual Report =====  
  
support for capital expenditures and supply chain investments in 2020 of €221.4 million .  
In addition to the High-NA support, we make non-interest bearing advance payments to support Carl Zeiss SMT   
GmbH’s work-in-process. These payments are made to secure optical column deliveries and these advance   
payments are settled through future lens or optical column deliveries, and are also presented in Other Assets. The   
new framework agreement does not change our right to settle the previously paid amounts and does not change the   
risk associated with these assets. We will continue to support Carl Zeiss SMT GmbH’s work-in-process under the

===== reports | ASML | 2022 ASML Annual Report =====  
  
category includes emissions resulted from our operations as well as the emissions from upstream supply chain and

===== reports | ASML | 2022 ASML Annual Report =====  
  
Our supply chain

===== reports | ASML | 2022 ASML Annual Report =====  
  
Supply Chain ASML worldwide, excluding Berliner Glas (ASML Berlin GmbH)  
Supplier performance management ASML worldwide, excluding Berliner Glas (ASML Berlin GmbH)

===== reports | ASML | 2022 ASML Annual Report =====  
  
Supply chain risk management ASML worldwide, excluding Berliner Glas (ASML Berlin GmbH)

===== reports | ASML | 2022 ASML Annual Report =====  
  
Manufacturing and Supply Chain Management 1,732 7,142 91 8,965 19 % 80 % 1 %  
Research and Development 2,203 11,598 121 13,922 16 % 83 % 1 %  
General and Administrative 1,520 2,217 7 3,744 41 % 60 % — %

===== reports | ASML | 2022 ASML Annual Report =====  
  
Our supply chain – Responsible supply chain  
Description 2020 2021 2022 Comments

===== reports | ASML | 2022 ASML Annual Report =====  
  
Wilton 71 % 64 % 71 %Our supply chain – Supply chain  
Description 2020 2021 2022 Comments

===== reports | ASML | 2022 ASML Annual Report =====  
  
Operations employees Customer support and Manufacturing and Supply Chain Management employees  
Overlay The layer-to-layer alignment of chip structures  
P  
P&L Statement of profit and loss  
PAS Philips Automatic Stepper  
Pattern fidelity A holistic measure of how well the desired pattern is reproduced on the wafer  
Pattern fidelity control A holistic approach to controlling the whole process of manufacturing advanced microchips in   
high volumes that aims to improve overall yields. It draws data from production equipment and   
computational lithography tools, analyzing it with techniques such as machine learning to provide   
real-time feedback.  
Patterning The process of creating a pattern in a surface to build microchips  
PCAOB Public Company Accounting Oversight Board  
PFAS Perfluoroalkyl chemicals

===== reports | ASML | 2022 ASML Annual Report =====  
  
S&SC Sourcing and supply chain  
SSD Solid-state drive

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain, which had been under   
immense pressure, with a significant number   
of suppliers experiencing challenges to meet   
our increasing expectation s. During 2023, we   
reshaped our sourcing and procurement   
organization under the leadership of Wayne   
Allan, a new member of the Board of   
Management (BoM) . This team is now   
working with suppliers to help optimize our   
partnerships, so they have the flexibility and

===== reports | ASML | 2023 ASML Annual Report =====  
  
carbon footprint in our supply chain . In   
addition, we are taking steps to increase the

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supply chain partners   
helps us all improve to   
support faster growth.”  
Manon Hendriks  
Senior Director Sourcing & Procurement

===== reports | ASML | 2023 ASML Annual Report =====  
  
We trust our supply chain to manufacture   
most system parts and modules and many   
are deeply involved in developing our new   
technology.  
Read more in Soci al - Innovation ecosystem on   
page 137 >We innovate across our entire p roduct portfolio   
and we aim to do this at the same pace as our   
custom ers through large and sustained   
investment in R&D, involving a diverse   
international academic network. This so-called   
‘double helix’ approach is designed to   
accelerate innovation and provides access to a   
large leading-edge knowledge base across a   
wide range of technologies.  
Read more in Our business model on page 32 >Generating ideas and finding   
technological innovations and solutions  
Our R&D teams focus on generating and   
exploring exciting new ideas and   
demonstrating their feasibility in the long   
term, as well as findin g technological   
solutions to the challenges colleagues may

===== reports | ASML | 2023 ASML Annual Report =====  
  
with customers, our supply chain, and industry and research partners in a strong innovation ecosystem.  
Filling the innovation funnel  
We encourage our experts to build wide   
networks in the broader technology   
space. This supports the constant stream   
of new ideas into the technology pipeline   
that flows through what we call our   
‘innovation funnel’ (see diagram). Based   
on our fundamental understanding of our   
markets and the needs of chipmakers,   
we select new ideas that have the

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain was still building safety buffers.

===== reports | ASML | 2023 ASML Annual Report =====  
  
This resulted in a supply chain correction in   
2023 which impacted our industry.   
In the context of demand for lithography,   
some customers delayed the timing of their   
demand for specific systems, as some of   
their facilities were not ready to receive the   
systems as well as a result of their end   
demand. This provided an opportunity to   
allocate these systems to customers whose   
demand profile we could not initially meet.   
Despite these delays, for certain system   
types the supply is still the main constraint,   
with demand being higher than supply,   
albeit at a reduced level than was   
experienced at the start of the year.All in all, global trends – such as generative

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain. This may impact our people   
and operations and our customers'   
operations, customer demand, delivery of

===== reports | ASML | 2023 ASML Annual Report =====  
  
due to supply chain disruption. The safety   
and well-being of our employees and their   
families are a priority for us.Description  
T h e m i l i t a r y a c t i o n i n   U k r a i n e i s a n e l e m e n t   
of the current uncertainty in the   
m a c r o e c o n o m i c   e n v i r o n m e n t .   
What it means for ASML  
W h i l e w e d o n o t h a v e o p e r a t i o n s i n   R u s s i a   
o r U k r a i n e , s a n c t i o n s   a n d o t h e r m e a s u r e s   
taken in response to the military action   
have adversely affected – and could   
further affect – the global economy,

===== reports | ASML | 2023 ASML Annual Report =====  
  
financial markets and the supply chain.   
This may impact our customer demand,   
d e l i v e r y o f p r o d u c t s   a n d s e r v i c e s t o   
c u s t o m e r s , a n d t h e   a b i l i t y o f u s a n d o u r   
s u p p l i e r s t o o b t a i n p a r t s ,   c o m p o n e n t s a n d

===== reports | ASML | 2023 ASML Annual Report =====  
  
gas supply due to supply chain   
disruption.  
Read more in Our business strategy  
Read more in Risk - How we manage risk  
1. Macroeconomic and geopolitical trends (continued)  
Global geopolitics –

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain and the processes required. Like so many others in this trading environment,   
the semiconductor industry needs to review

===== reports | ASML | 2023 ASML Annual Report =====  
  
its global supply chain. At the end of 2023,   
the Dutch Government partially revoked a   
license for the shipment of NXT:2050i and   
NXT:2100i lithography systems, impacting   
a small number of customers in China.  
What it means for ASML  
The new regulations require ASML to apply   
for Dutch export licenses for all shipments of   
its most advanced DUV immersion   
lithography systems (TWINSCAN NXT:2000i   
and subsequent immersion systems) as well   
as US licenses for mature systems for a   
limited number of customers in China. The   
governments will determine whether to grant   
or deny the required export licenses and   
provide further details to the company on any   
conditions that apply. From January 1, 2024,   
we will work with our customers to deliver   
the non-advanced lithography systems   
which are not impacted by the new   
restrictions. We continue to educate   
governments on the semiconductor   
manufacturing process and ecosystem to   
foster understanding of the potential impacts   
of current and future regulatory measures.Description  
With an urgent collective response needed

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the supply chain continued to build safety   
buffers in 2022 to increase resilience against

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future supply chain disruptions, and these   
needed to be corrected given lower   
demand. Industry sources project that the   
chip market (worldwide semiconductor   
revenues) will resume growth after 2023 in   
line with historical growth rates. The longer-  
term market outlook is not expected to be   
materially impacted by the 2023 downturn.   
With an expected global annual wafer   
capacity growth of over 780,000 wafer   
starts per month per year, we plan to   
increase our annual capacity to 90 EUV 0.33   
NA and 600 DUV systems (2025-2026),   
while ramping up EUV 0.55 NA (High NA)   
capacity to 20 systems per year   
(2027-2028). Smartphone Personal   
computingConsumer   
electronicsAutomotive Industrial   
electronicsWired and wireless   
infrastructureServers, data   
centers and storage  
Key driver  
Continued refresh of   
all semiconductor   
content including   
image sensors and   
edge AI processorsHigh-end compute   
and Memory, fast   
conversion to solid-  
state drive (SSD),   
edge AI processorsBoth low-power and   
high-bandwidth   
connectivity, sensorsStrong IC content   
growth: graphics   
processing unit   
(GPU), sensors,   
vehicle-to-everything   
(V2X) communication   
sensingConnectivity, edge   
processors, sensorsHigh-bandwidth   
connectivity, edge   
processorsHigh processor and   
Memory growth,   
hardware   
accelerations   
including GPU for AI   
applications  
2020 market size   
($bn)Total  
117 100 50 40 51 38 76 471  
2023 market size   
($bn)  
104 89 60 79 74 50 78 534  
2025 market opportunity   
($bn)  
146 107 74 104 94 60 136 721  
Outlook CAGR 2020-2025   
(%)  
5% 2% 8% 21% 14% 10% 12% 9%

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2. Secure unique supply chain

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Our supply chain is a critical enabler of our   
ambition to grow our core business.   
Therefore, we are proactively assessing   
our supply base for projected demand   
and control of future roadmap-enabling   
capabilities. See how we're delivering on our ESG

===== reports | ASML | 2023 ASML Annual Report =====  
  
sourcing and supply chain, and   
support functions take on the   
exciting challenge of building and   
maintaining the most advanced   
lithography, metrology and   
inspection systems in the world. We have eight manufacturing sites in the EU, US   
and Asia that provide high-precision, highly   
controlled environments where we assemble, test and   
deliver our complex lithography and metrology and

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to disruptions in our supply chain due to less   
availability of materials as well as increased price   
levels. Furthermore, on a broader scale, the inflationary   
pressure has hit our suppliers, mainly in areas of raw

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while continuing to support our supply chain.   
Understanding and balancing the interests of   
all our stakeholders is one of our most   
important responsibilities, and in this instance   
helping our ecosystem partners through   
difficult times was the right thing to do.   
However, this inevitably meant delayed

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place pressure on our supply chain . One of our major projects for 2024 is to work   
even more closely with our suppliers to help   
them build the capacity to support our   
growth.  
For the first time in our history, during 2024   
we will pre-build and create our own   
inventory in order to prepare for the surge of   
demand that we expect in 2025. We are   
readying ourselves for the uptick – pre-  
building tools, helping our new hires buy into   
our culture, working with suppliers and   
reshaping our functions, all while being   
fiscally prudent and managing any fallout   
from export restrictions.  
We face the future with confidence, sure in   
our technology and strategies, proud of our   
ability to be a force for good in the world and   
committed to meeting the increasing   
demands that all our stakeholders – from   
customers, suppliers and shareholders to   
governments and wider society – place upon

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supply chain partners are actively adding and improving   
capacity to meet future customer demand.   
At our November 2022 Investor Day, also known as   
Capital Markets Day (CMD), we presented our long-term   
growth opportunity for 2025 as well as 2030.  
We plan to update our view in our next Investor Day   
planned for November 14, 2024.   
1. Source: Based on external market research firmsBased on the different market scenarios, we believe we   
have an opportunity to reach annual sales of between   
approximately €30 billion and €40 billion in 2025, with a   
gross margin between approximately 54% and 56% .  
Looking further ahead, for 2030 we believe we have an   
opportunity to reach annual sales of between   
approximately €44 billion and €60 billion, with a gross   
margin between approximately 56% and 60%.  
The anticipated growth in the future is largely market   
driven in both advanced and mature markets, technology

===== reports | ASML | 2023 ASML Annual Report =====  
  
•Supply chain   
disruption risk•Knowledge   
management risk  
•Organizational   
effectiveness risk

===== reports | ASML | 2023 ASML Annual Report =====  
  
•Supply chain   
disruption  
•Continuity of own   
operations  
•Business model•Violation of laws and   
regulations  
•Security  
•IP rights  
•HR•Active engagement with authorities and governments  
•Scenario planning  
•Collaborate with peers in global advocacy  
•Optimize industrial footprint  
•Apply for export licenses  
•Comply with applicable regulationsGeopolitical tensions and the strive for technological sovereignty may lead to a decoupled ecosystem and – in   
longer term – overcapacity. Additional export restrictions have been imposed during 2023. There is a risk that   
future trade restrictions (e.g. raw materials, technology, systems, investments) further limit our ability to source   
parts and/or sell and service systems to certain customers.   
Uncertain global economy  
 •Industry cycle  
•Business model  
•Financial•Competition

===== reports | ASML | 2023 ASML Annual Report =====  
  
•Supply chain   
disruption•Cost control  
•Maintain flexibility  
•Scenario planningGlobal economic conditions lead to uncertainty for semiconductor demand and therefore demand for our

===== reports | ASML | 2023 ASML Annual Report =====  
  
•Secure unique supply chain capabilities  
•Onboarding, retention and well-being program  
•Shorten time to knowledge The increasing demand in recent years is an opportunity for us that also brings challenges. While we are now facing   
uncertainty in customer demand outlook, we face challenges to increase production capacity in our end-to-end supply

===== reports | ASML | 2023 ASML Annual Report =====  
  
chain to meet future demand. This is amplified by supply chain constraints. In addition, hiring, onboarding and retaining   
our workforce in the competitive market is challenging. Our ability to attract people also depends on the government to

===== reports | ASML | 2023 ASML Annual Report =====  
  
•Supply chain   
disruption•Deployment of business continuity plans   
•Include extreme weather aspects in building upgrades   
and new designsClimate change contributes to increasing severity and frequency of extreme weather events (such as cyclones,   
flood, fire stress, drought, excessive heat and precipitation, rising sea levels) that can impact continuity of our

===== reports | ASML | 2023 ASML Annual Report =====  
  
operations and/or our supply chain.ASML ANNUAL REPORT 2023 RISK CONTINUED STRATEGIC REPORT CORPORATE GOVERNANCE FINANCIALS 54  
How we manage risk (continued)  
The risk factors in this section are   
classified under these six risk types. Any   
of these risks and the related events or   
circumstances described therein may   
have a material adverse effect on our   
business, financial condition, results of   
operations and reputation.   
These risks are not the only ones that we   
face. Some risks may not yet be known to   
us, and certain risks that we do not   
currently believe to be material could   
become material in the future.   
Many risks may be intensified by global   
events such as interstate conflicts,   
geopolitical tensions, inflation, industry   
downturn, global measures (including   
new regulations) taken in response to   
these events and/or any worsening of the   
associated global business and economic

===== reports | ASML | 2023 ASML Annual Report =====  
  
our facilities as well as our supply chain and customers are located   
in South Korea. Customers in South Korea represented 25.2% of   
our 2023 total net sales and 28.6% of our 2022 total net sales. In   
addition, there are tensions with the Democratic People’s Republic   
of Korea (North Korea). A worsening of relations between those   
countries or the outbreak of war on the Korean Peninsula could   
impact our ability to service customers. A small percentage of our   
suppliers and customers as well as our customer support   
organization is based in Israel. There are tensions in this region that   
have resulted and may continue to result in violence and/or the   
outbreak of war that could impact our business.From time to time, we may acquire businesses or technologies to

===== reports | ASML | 2023 ASML Annual Report =====  
  
impact continuity of our operations and/or our supply chain. Climate

===== reports | ASML | 2023 ASML Annual Report =====  
  
Supply chain disruption, Supplier strategy and performance  
We rely on outside vendors for components and subassemblies   
used in our systems, including the design thereof. These   
components and subassemblies are obtained from a single supplier   
or a limited number of suppliers. As our business has grown, our   
dependence on single suppliers or a limited number of suppliers has   
grown. The highly specialized nature of many of our components,   
particularly for EUV systems, means it is not economical to source   
from more than one supplier. In many cases, our sourcing strategy   
prescribes ‘single sourcing, dual competence’. Our reliance on a   
limited group of suppliers involves several risks, including a potential   
inability to obtain an adequate supply of required components or   
subassemblies in time and at acceptable costs, and reduced   
control over pricing and quality. Delays in supply of these   
components and subassemblies could occur due to disruptions   
experienced by our suppliers for reasons including work stoppages,

===== reports | ASML | 2023 ASML Annual Report =====  
  
shortages in our supply chain, resulting in a late start on the   
assembly of a number of systems. We and our suppliers are   
investing in additional capacity to meet the demand. However,   
increasing capacity takes time, and we may be unable to meet the   
full demand of our customers for a few years. Further, we face the   
risk that demand may decrease, which could result in overcapacity   
and loss of investment in increasing capacity. In addition, most of   
our key suppliers, including Carl Zeiss SMT, have a limited number   
of manufacturing facilities, the disruption of which may significantly   
and adversely affect our production capacity.Lead times in obtaining components have increased as our

===== reports | ASML | 2023 ASML Annual Report =====  
  
production capacity in our end-to-end supply chain to meet   
demand, but we face challenges in increasing capacity. For   
example, we depend on our suppliers increasing their capacity and   
their ability to invest, and it takes time to build the production space

===== reports | ASML | 2023 ASML Annual Report =====  
  
and equipment required for expansion. We and our supply chain   
also need to obtain permits to make expansion possible, and the   
time it takes for these to be granted may cause delays. It is a challenge for ASML and its suppliers to hire and retain   
employees to support expansion. Our processes and systems and

===== reports | ASML | 2023 ASML Annual Report =====  
  
that of our supply chain may also not be able to adequately support   
our growth. If we are not successful in increasing our capacity to   
meet demand, this could impact our relationships with customers   
and our competitive position. The increased demand and resultant   
supply constraints that we are continuing to experience lead to   
longer lead times for customers. This could result in customers   
changing their sourcing strategy to become less dependent on

===== reports | ASML | 2023 ASML Annual Report =====  
  
and supply chain as well as the

===== reports | ASML | 2023 ASML Annual Report =====  
  
emissions in our supply chain by   
2030, and with our customers by   
2040 . The question is no longer

===== reports | ASML | 2023 ASML Annual Report =====  
  
lithography business 2Secure unique supply chain capabilities   
to ensure business continuity 3Move toward adjacent  
business opportunities 4Deliver on our ESG

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain, fuel innovation in our ecosystem

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain (including   
logistics)

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain due diligencePositive and negative Potential Upstream – suppliers Responsible supply chain  
Innovation   
ecosystemImpacts in society through supporting the innovation ecosystem and contributing to R&D, public –   
private partnerships, academic, industry and other research, STEM education and ESG innovationPositive Actual Downstream – beyond   
customersInnovation ecosystem and   
Valued partner in our

===== reports | ASML | 2023 ASML Annual Report =====  
  
throughout our supply chain, including protecting labor   
rights and promoting a safe and secure working

===== reports | ASML | 2023 ASML Annual Report =====  
  
85 Scope 3 emissions from our supply chain   
(including logistics)

===== reports | ASML | 2023 ASML Annual Report =====  
  
and supply chain as well as the environmental impacts of our products and services.  
IN THIS SECTION  
79 Our overall performance in 2023  
80 Scope 1 and 2 emissions from our own   
operations – Manufacturing and buildings  
84 Scope 3 emissions from our own operations –   
Business travel and commuting

===== reports | ASML | 2023 ASML Annual Report =====  
  
85 Scope 3 emissions from our supply chain   
(including logistics)

===== reports | ASML | 2023 ASML Annual Report =====  
  
supply chain (scope 3 upstream) by 2030, and from the

===== reports | ASML | 2023 ASML Annual Report =====  
  
from our supply chain (including logistics)  
A significant portion of our GHG emissions are

===== reports | ASML | 2023 ASML Annual Report =====  
  
generated indirectly in our supply chain, as we   
mainly assemble modules that we source from   
suppliers. Parts and modules have to be   
transported to us or our customers directly, and   
our assembled systems are shipped from ASML   
premises to customers. As today’s freight   
logistics, especially air transportation, are still   
carbon-intensive, a significant part of our supply   
chain emissions stem from logistics (operated   
by our logistics suppliers).

===== reports | ASML | 2023 ASML Annual Report =====  
  
operations, supply chain and product use, ASML’s climate   
impacts extend far beyond these areas to include the   
benefits and risks that our technology brings to society.   
The technology pioneered by our R&D teams and   
partners sits at the heart of global digitalization and has   
the potential to transform how we all live and work. We   
enable our customers to innovate the semiconductor   
technologies that can help humanity manage its   
challenges and seize opportunities by facilitating   
sustainable living and mobility, accessible healthcare, food

===== reports | ASML | 2023 ASML Annual Report =====  
  
Reducing emissions from the supply chain and from   
manufacturing process gases will require   
considerable R&D, necessitating investments now.  
4.Future manufacturing emissions scenarios: Current   
government and company commitments will   
substantially reduce manufacturing emissions, but   
they are still forecasted to overshoot the carbon   
budget for the 1.5°C pathway.  
5.Dilemma of value chain emissions: Digital   
technologies that require semiconductors play a

===== reports | ASML | 2023 ASML Annual Report =====  
  
footprint of 500 Mt – 16% from supply chain, 21%   
from manufacturing and 63% from device use.

===== reports | ASML | 2023 ASML Annual Report =====  
  
our supply chain, through business travel and commuting,

===== reports | ASML | 2023 ASML Annual Report =====  
  
business travel and commutin g, our supply chain , and

===== reports | ASML | 2023 ASML Annual Report =====  
  
Sourcing and supply chain Business travel and commuting Use of sold products Intensity 2019 2020 2021 2022 202302,0004,0006,0008,00010,00012,00014,00016,000  
0.0000.5001.0001.5002.000  
How we’re managing   
our impact  
We are using the following levers, aiming to reduce our   
impact:  
•Business travel: Reducing the volume of business   
travel through stricter policies, raising awareness and   
use of remote working and servicing option s.  
•Commuting : To reduce the percentage of car commutes   
in our Veldhoven region (NL), we focus on developing a   
mix of sustainable commuting options by encouraging   
people to travel to work by bicycle or p ublic transport .   
Alongside this, we provide shuttle bus services from   
Park & Ride locations, offer satellite offices and   
promote a balanced working-from-home policy.   
Our targets and performance   
in 2023  
Our target is to achieve net zero emissions from business   
travel and commuting by 2025.  
In 2023, taking into account Sustainable Aviation Fuel   
(SAF) purchases, our total emissions due to business   
travel and commuting were 70 kt CO2e and 54 kt CO2e,   
respectively (see graphs). Due to the increasing number   
of employees at all locations and the ending of COVID-19   
travel restrictions, our emissions increa sed by 13%   
compared to 2022 (69 kt CO2e and 41 kt CO2e,   
respectively ). Commuting emissions are predominantly   
related to commuting by car. The impact of the indirect

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our supply chain – for example, by sharing data and   
targets – requires close collaboration with our suppliers   
and other upstream stakeholders.

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have visibility of their own supply chain emissions. To   
support them, we have introduced an IT dashboard that   
will capture and display the re levant dat a.  
In 2023, we made progress by requesting CO2e   
emissions data directly from our suppliers through our

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Scope 3 emissions from our supply chain (including logistics)  
How we’re managing   
our impact  
As demand for enhanced chip functionality grows,

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back into the supply chain (either to the original module   
suppliers or to ASML). Our goal is to standardize these   
processes and create a network-related solution to   
enable high flexibility and reduce transport, which also   
reduces our CO2e footprint.  
We are improving the reuse of packaging, lockings and   
plugs from the field and factory. We aim toward 100%

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SOCIALResponsible supply chain  
107  
111  
114  
120  
122  
126  
130  
137  
139  
142  
146  
149  
151

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supply chain, supporting an innovation ecosystem and being a valued partner in our communities.  
ASML’s focus on technology   
and its supportive culture   
mean you can go wherever   
your talent and ambition   
take you.”  
Anya Kish  
Program Director, EUV Source  
8 years at ASML  
Making a difference  
Anya Kish moved from Russia to the   
US for her graduate studies in plasma   
physics. That willingness to take   
opportunities however they present   
themselves has seen her build a career   
at ASML as a problem solver who   
thrives under pressure. She now works   
as project manager for the light source   
for our next extreme ultraviolet

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entire supply chain are critical to our ability to respond to   
customer demand. To be able to deal with the highly   
cyclical nature of our industry, we need to work closely   
together. Our customers’ trust is key – greater   
transparency and collaboration earn trust and are crucial   
to success. Under dynamic market circumstances which   
present challenges in their own right, we need our   
suppliers to follow suit. Building strong, strategic, ‘win-  
win’ relationships with our partners, while navigating   
short-term challenges, is essential to our future success.We operate in a niche market characterized by the

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To drive a sustainable and resilient supply chain, we place   
high importance on supplier performance management,

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supply chain risk management and playing a full part in a

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GHG emissions i n our supply chain by 20 30We have reorganized our sourcing and supply chain   
organization, which is now known as Sourcing &   
Procurement (S&P), to get closer to our suppliers, better   
understand their capabilities and work with them to build   
and improve our shared opportunities. We are working to   
focus the efforts of our S&P organization through clear   
interfaces and ways of working with our suppliers and   
other parts of ASML. These changes reflect our   
commitment to strengthening partnerships and   
optimizing efficiency within our supplier network, while

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control and continuous supply chain improvements are

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or reduce those risks.Supply chain risk management  
Due to the highly specialized nature of many of our parts   
and modules, as well as the low volumes, it is not always   
economical to source from more than one supplier. In   
many instances, our sourcing strategy prescribes ‘single   
sourcing, dual competence’, which requires us to   
proactively manage supplier performance and risk.  
In our risk management framework, we assess six risk   
domains – business continuity management, ownership,   
finance, intellectual property ownership, information   
security and cyber resilience, and compliance. Since   
suppliers operating in the same industry or market are   
typically exposed to similar risks, we evaluate suppliers’   
risk and performance within the context of their supply   
market category. We adjust our category strategies   
where required to meet ASML’s short- and long-term   
business needs. In cases where risk exceeds the agreed   
threshold, mitigation measures are taken. For example,   
we have long-term supplier agreements (LTSAs) and/or   
continuous supply agreements in place and we ensure   
the availability of intellectual property in escrow.  
Read more in Risk - How we manage risk  
We conduct robust performance and risk management   
of our supply base to assure and improve performance   
and prevent business disruption and reputational   
damage. Two key programs are central to our approach:   
the suppliers' business continuity program is aimed at   
securing continuity of supply ; and the information   
security and cyber resilience program is intended to   
protect our intellectual property, maintain our leading

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As part of our supply chain due diligence, we have   
adopted the RBA Code of Conduct, which sets out   
ethical, labor, health and safety and environmental   
standards. We expect our suppliers and their suppliers to   
acknowledge and comply with its requirements. This

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supply chain to ensure Tier 1 suppliers and contractors   
conduct their business in a caring and accountable

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sourcing of materials in our supply chain. We support   
international efforts to ensure the mining and trading of   
3TG minerals from high-risk locations does not   
contribute to conditions of armed conflict and/or serious   
human rights abuses.  
We have adopted a series of compliance measures   
based on the legal requirements and guidelines of the   
five-step framework set out by the OECD Due Diligence

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data from our supply chain is a challenge, and we   
continue to encourage our suppliers to trace the

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origins of the 3TG minerals within their supply chain in   
accordance with applicable conflict minerals rules and   
regulations. We also request our suppliers to report   
smelters who are not listed or identified on the RMI

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action - Scope 3 emissions from our supply chain (including   
logistics)  
Business continuity program

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organization and ASML’s supply chain.  
Information security and cyber resilience program  
We continued to expand our information security and   
cyber resilience program in 2023, leading to a current   
scope of 345 suppliers compared with 314 in 2022.   
Additionally, we utilize a cyber-risk monitoring tool to   
monitor the internet presence of suppliers – in 2023, we   
extended its scope from 256 to 469 suppliers.  
Suppliers with access to top-secret information or with   
privileged access to our IT systems were asked to   
improve their cyber resilience through the ISO 27001   
standard. To support our suppliers and other ecosystem   
partners in this effort, we established a Security Circle of   
Trust together with Cyber Weerbaarheid (resilience)   
Brainport in the Netherlands.

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supply chain partners   
helps us all improve to   
support faster growth.”  
Manon Hendriks  
Senior Director, Sourcing & Procurement  
16 years at ASML  
Working together,   
growing together  
In 2023, after 15 years in finance at   
ASML, Manon Hendriks stepped into   
a new commercial role as Senior   
Director Sourcing & Procurement.   
The experience in building relationships   
that she developed in her finance   
career is now not only underpinning   
the success of ASML, but also of

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supply chain – we have a supply network.

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resources, technologies, licenses, supply chain partners   
and co-investors.  
Make Next Platform   
ASML founded the Make Next Platform (MNP) in 2016   
together with Huisman, Vanderlande and the non-profit   
Stichting Technology Rating (STR) to support young   
innovative high-tech scaleups. Thales NL joined as a   
co-founder in 2019. MNP supports emerging high-tech   
ventures that have moved beyond the startup phase   
and are ready to expand. Through the exchange of best   
practices, business experience and coaching from   
senior corporate experts, MNP partners support   
scaleup companies to become global players by giving   
them access to their internal and external networks. HighTechXL   
ASML is one of the main shareholders of HighTechXL,   
together with other tech-minded partners such as   
Philips, research institute TNO, Brabantse   
Ontwikkelings Maatschappij (BOM) and High Tech   
Campus Eindhoven. Through HighTechXL, we build   
and accelerate impactful startups by combining high-  
tech entrepreneurial talent and relevant technologies   
from reputable tech partners such as ESA, CERN,   
Fraunhofer, imec and TNO, with the goal of solving   
major global societal challenges. ASML talents join   
selected startups for 30% of their time for a period of   
three months. They define their learning goals and   
benefit from the development of enriched skills and   
mindsets through this unique entrepreneurial   
experience.  
DeepTechXL   
In 2022, we became a strategic investor and co-  
initiator in DeepTechXL Fund I, a new Dutch deep-  
tech fund of €85 million as a follow-up to HighTechXL.   
Together with other strategic investors and co-  
initiators – Philips, Brabantse Ontwikkelings   
Maatschappij (BOM), research institute TNO, PME   
Pension Fund and Invest-NL – the fund provides   
deep-tech startups and scaleups with access to   
knowledge, network, technology, licenses and   
business development support. Our targets and performance   
in 2023  
We have two targets to measure the effectiveness of our   
approach:  
1More than 20% of startups to reach Star level by   
2025  
2Support (at least) 14 scaleup companies by 2025  
In 2023, we continued our commitment to support high-  
tech startups and scaleups, providing 4,640 hours of in-  
kind support, totaling €1.2 million . In addition to last   
year's commitment of over €14 million, we committed an   
additional €6 million in financial support in 2023. Of this   
€20 million commitment, €2.9 million was paid out during   
the year. 12% of startups reached Star level. So far, 13   
scaleups have been adopted, including three in 2023.

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To reinforce our commitment across the supply chain,   
we expect suppliers and their suppliers to acknowledge   
and comply with the RBA Code of Conduct and to   
develop their own strategies, policies and processes to   
uphold it. This requirement is included in our long-term

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practices in our operations and our supply chain. The   
Human Rights Policy applies to ASML and its   
subsidiaries around the world. It reflects the   
precautionary principle.  
The provisions of th e Human Rights Policy are derived   
from key international human rights standards, including   
the ILO Declaration on Fundamental Principles and   
Rights at Work and the UN Declaration of Human Rights,   
the UN Global Compact and the principles specified in   
the OECD Guidelines for Multinational Enterprises , as   
well as other relevant standards such as the UN   
Women’s Empowerment Principles, UNICEF’s Children’s   
Rights and Business Principles, and the UN International   
Convention on the Protection of the Rights of all Migrant   
Workers and Members of Their Families .

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supply chain and downstream. We are examining the extent   
to which negative impacts identified have been, or are being,   
caused by ASML and whether ASML has contributed to   
these, or whether its activities are linked to identified impacts.  
The saliency assessment will support the prioritization of   
impacts based on the saliency (i.e. the scope, scale and   
irremediability) of the harm, the nature of ASML's causal   
contribution and, where ASML has not caused or   
contributed to the harm but is directly linked to it, the   
extent to which ASML has created, or can create,   
leverage to effect change in the wrongful practices of   
another party that is causing or contributing to the   
negative impact. Where feasible, we will engage with   
relevant external stakeholders – such as suppliers, NGO s   
and other legitimate representatives – to help us   
understand the nature and extent of the impact and the   
ways in which we can address it.  
This provides guidance to the organization on the steps   
we take to address negative impacts, depending on the   
kind of impact or risk identified. Our assessment aims to   
construct a system of consequences – setting out the   
steps to be taken, following a risk-based approach, to   
address and mitigate human rights impacts and risks –   
that will help us determine how we manage salient   
impacts over time.

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Business ethics and Code of ConductHuman rights risks within our supply chain  
We are conducting a human rights saliency assessment   
to identify salient human rights risks for people within

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ASML's own operations, supply chain and downstream,   
which once completed will be followed by a periodic   
impact assessment. We use the RBA Risk Assessment   
Platform to identify inherent risks in labor (including   
human rights), ethics, health and safety and   
environmental standards across our full supply base. If a   
medium- or high-risk issue relating to labor is identified,   
we engage with the supplier and conduct a more   
detailed analysis.  
We expect key suppliers, covering around 80% of our

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inherent in our supply chain relate to working conditions   
(forced and bonded labor), health and safety, and trade   
union rights. The majority of our suppliers operate in   
countries with a strong rule of law and are law abiding,   
and we view this inherent risk as low.

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interconnected and digitized supply chain   
Given the growth of the   
company, and the complex   
and dynamic threat   
landscape, ASML requires   
a best-in-class security   
function with security

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and a worldwide supply chain, it is a challenge to keep   
track of information on chemicals used.

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in the supply chain

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supply chain.  
Activities in 2023 inc luded:  
•A multidisciplinary program embedding processes   
throughout our organization – improving our IT

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solutions, enabling automated supply chain   
communication and delivering flexible reporting   
capabilities  
•A global safety focus to strengthen our   
communications with new local safety expert teams   
and establish a regulatory intelligence team  
•A proactive approach toward upcoming regulations   
such as PFAS, TSCA and the REACH directive by   
taking part in the semiconductor industry working   
groups, through our membership of the PFAS   
Consortium, by working with our business partners and

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the supply chain, and by establishing a working

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exacerbate the volatility of our sector while supply chain   
constraints have again hampered production capacity.   
Yet despite the pressures and uncertainties which have   
seen the semiconductor industry move into a cyclical   
trough, ASML has delivered a sales increase of 30% over   
the previous year, with a gross margin of 51.3% – and   
the prospects for the years ahead appear to be positive   
and sustained.  
On a personal level, it has been both inspirational and a   
privilege to lead the Supervisory Board of one of the   
world’s most important tech companies. ASML is   
strategically significant, not only to the Netherlands, but   
also to Europe in a wider context. The company is a real   
locomotive in developing and strengthening the   
European technology scene, through precision   
manufacturing as well as semiconductor research.  
Before my career in business, I was drawn to engineering   
and have long been fascinated by the potential of   
technology to transform lives for the better. In addition,   
through my experience at other multinational companies   
I’ve developed a keen interest in both macroeconomics   
and global politics. My role on the Supervisory Board at   
ASML brings together those interests at a time when   
technology has assumed even greater importance in   
people’s lives and has become a hot topic on the   
agendas of political leaders worldwide.Working with the Board of Management  
The Supervisory Board is a diverse group of individuals   
with enormous experience – not only in technology and   
manufacturing, which are of course extremely relevant to   
ASML, but also in broader fields. Besides our formal   
meetings, our nine members take part in many additional   
ad hoc meetings.   
Together, we have the appropriate knowledge and skill   
sets to guide management on a wide range of issues   
including geopolitical matters. Our role is not to run the   
company, but to provide oversight, evaluate performance   
and give advice where required or requested. One of the   
Chair’s key responsibilities is to create a ‘safe space’   
where discussion can take place freely and openly.   
Mutual trust and respect are absolutely central here –   
management has to be confident that we are a valuable   
sounding board, and in turn we have to trust   
management to take heed of our advice, focus on the   
right things and work towards viable solutions. In the   
short period of time that I have been in position, I have   
seen that the relationship is working well and that we   
share a vision of the challenges and opportunities facing   
ASML.  
The following pages of this report provide detail on the   
areas of focus that we concentrated on during the year,   
one of which being ESG, which is an increasingly key   
matter for all companies. In recognition of the importance   
of ESG, we established ASML’s ESG Committee in   
2023, headed by Birgit Conix. This committee has been

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sourcing and supply chain organization was transformed   
with the aim of optimizing our partnerships with our suppliers   
in order to ensure the required flexibility and capability to be   
able to meet our customer demand for the short and long-  
term. In the area of customer trust, a transformation was   
prepared, aimed at ASML's customer facing roles and   
responsibilities, to prepare for future growth and enable   
further improvements in customer trust .  
Supervisory Board focus in 2023  
Throughout 2023, the Supervisory Board agenda was   
centered around the strategy and its execution, financial and   
operational performance, business developments , risk   
management, and people and organization. Based on the   
strategic priorities for ASML as agreed in the annual strategy review, several topics were extensively discussed by means   
of deep dives, allowing a focused and in-depth review.  
Strategy and sustainable long-term value creation  
The Supervisory Board devoted a considerable amount   
of time in 2023 to discussing strategic topics. We carried   
out our recurring annual review of ASML’s corporate   
strategy, the long-term financial plan and the long-term   
plans of ASML's business and operational sectors.   
During the annual strategy review, the Supervisory Board   
confirmed its support for the general strategic direction   
and discussed what the key strategic challenges, focus   
areas for further strategy development, are. The   
Supervisory Board provided their perspectives on topics   
such as dependency on suppliers, cost and flexibility,   
future technology and innovation roadmap, installed base   
services, global footprint. The Supervisory Board   
concluded that it fully supports ASML’s strategy, which is   
centered around the four pillars: 1. Grow our holistic

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lithography business; 2. Secure unique supply chain   
capabilities to ensure business continuity; 3. Move   
toward adjacent business opportunities; and 4. Deliver

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Customer Trust, Robust Supply Chain, and Integrated   
Operating Model, ASML's value strategy and service   
business model and the mature lithography market.  
With global trends expected to continue fuelling   
semiconductor growth long-term driving an increasing   
demand for wafers and ASML continuing to focus on the   
execution of its strategic priorities, the Supervisory Board   
has confidence in ASML’s long-term growth opportunities

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Robust Supply Chain, and Integrated Operating Model.   
Ample time was spent by the Supervisory Board   
discussing these programs in open dialogues with the   
Board of Management, during which the Supervisory   
Board challenged and advised the Board of   
Management on how to organize for the future expected   
growth towards 2030. The Supervisory Board is pleased

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with the strengthening of our supply chain resilience as   
well as with the reorganization of ASML's customer-   
facing organization, which will be implemented in 2024.  
People and organization  
Given the significant growth of ASML in recent years, the   
topics of people and organization continued to be key areas   
of focus for the Supervisory Board in 2023, as we believe   
that these are of critical importance for the future success of   
ASML. On several occasions, we were provided with updates on Human Resources and Organization. Topics   
covered included the People Strategy, the progress made   
on the ASML leadership program, the results of the annual   
employee engagement survey and Diversity & Inclusion.   
Specific attention was also paid to ASML's culture and   
values the focus of the Supervisory Board was how to   
maintain the culture that has made ASML successful while   
growing so fast in number of employees. We also extensively   
discussed the organizational setup of ASML in the context of   
current and future growth and we reviewed the progress of   
the transformation programs related to Customer Trust,

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Robust Supply Chain and Future Operating Model. As a   
result of this discussion, the Supervisory Board decided to   
position the role of the Executive Vice President and Chief   
Customer Officer in the Board of Management, as   
announced by press release on November 30, 2023.   
Furthermore, the Supervisory Board, assisted by the   
Selection and Nomination Committee, extensively discussed   
and provided advice in respect of ASML’s talent   
management and people development programs as well as   
succession planning for the Board of Management and   
senior management. The Supervisory Board is pleased to   
see the effort being put into the onboarding of new   
employees, enabling them to develop and contribute as   
quickly as possible.   
Furthermore, as a Supervisory Board, we find it important   
that business processes are fit for growth. We therefore   
oversaw the Business Performance Improvement (BPI)   
initiative, focused on improving our cross-sectoral, non-

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the end-to-end supply chain   
including industrial footprint  
Q3  
•Deep dive: value strategy and   
service business model  
•Deep dive: BPI  
Q4  
•Annual strategy review  
•Deep dive: Semi & litho market  
•Deep dive: Geopolitics &   
market access  
•Deep dive: Global footprint  
•Deep dive: Cost & FlexibilityBusiness   
developments  
Q2  
•Market outlook and demand   
drivers  
•Update on business sectors:   
EUV, DUV, Applications   
Q4  
•Transformation projects related

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to sourcing & supply chain,   
Customer and future operating   
model  
Risk   
management  
Q1  
•Update risk landscape & deep   
dive: securityFinancial & operational   
performance  
Q1  
•2022 Annual Results and   
Annual Report  
•2022 external audit report  
•Final dividend 2022  
•External auditor rotation  
•Legal matters report  
Q3  
•2022 statutory interim report  
•Cash return including dividend   
policy and interim dividend  
•Business Performance   
Improvement initiative including   
update on Our New Enterprise   
(ONE) program  
Q4  
•Update of business plans of the   
business sectors and functions  
•Cash return including interim   
dividend and share buyback   
programPeople &   
organization  
Q1  
•Composition of Supervisory   
Board  
•Composition of Board   
of Management  
•Remuneration Policy for   
the Board of Management  
Q3  
•Human Resources &   
Organization (HR&O) update  
•Composition of Supervisory   
Board  
•Composition of Board of   
Management  
•HR&O, including deep dives on   
Diversity & Inclusion and   
Culture  
Q4  
•Composition of Supervisory   
Board  
•Composition of Board of   
Management  
•People Strategy  
•Results of employee   
engagement surveyGovernance and stakeholders  
Q1  
•Outcome of Supervisory   
Board evaluation  
•AGM agenda  
•New Dutch Corporate

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supply chain  
managementBusiness  
in Asia  
For the position currently held by Annet Aris, the Works   
Council has a strengthened recommendation right. The   
Works Council informed the Supervisory Board that it   
intends to use its strengthened right to recommend   
Annet Aris for reappointment.  
The Supervisory Board considered the fact that Annet   
Aris, per the date of the 2024 AGM, will have been on   
the Supervisory Board for nine years. The Supervisory   
Board is of the opinion that a reappointment of Annet   
Aris, who is also the Vice Chair of the Supervisory Board,   
is beneficial for the Company for reasons of continuity,   
given the Supervisory Board Chair change in 2023, and   
also because of her wealth of knowledge of ASML and   
her experience as an ASML Supervisory Board member.  
The agenda and explanatory notes for the 202 4 AGM will

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ASML owns the majority of real estate we utilize for manufacturing, supply chain management and general   
administration at our headquarter s in Veldhoven, the Netherlands. At our other locations worldwide, most of the   
properties we occupy are leased.  
Lease liabilities are split between current and non-curren t. The non-current portion mainly consists of properties and   
warehouses. For the year ended December 31, 2023 , Lease liabilities under an operating lease arrangement   
increased by €30.5 million , mainly due to new leases of properties that commenced during 2023. Year ended December 31 (€, in millions) 2022 2023  
Current 47.6 46.7   
Non-current 151.5 181.2   
Lease liabilities 199.1 227.9   
The Consolidated Statements of Operations include the following lease expenses:  
Year ended December 31 (€, in millions) 2021 2022 2023  
Properties 52.2 52.3 40.4   
Cars 4.8 2.7 5.9   
Warehouses 3.0 4.0 5.9   
Other 2.4 1.4 0.8   
Lease expenses 62.4 60.4 53.0   
The total cash flows relating to the leases are as follows:  
Year ended December 31 (€, in millions) 2021 2022 2023  
Total cash flows 68.9 57.9 148.2   
The total cash flow increased in 2023 compared to 2022 due to a prepayment of a new land leas e €85 million .  
The weighted average remaining lease term and weighted average discount rate related to the leases are as follows:  
Year ended December 31 (€, in millions) 2021 2022 2023  
Weighted average remaining lease term (months) 62 67 365  
Weighted average discount rate (%) 1.9 % 2.2 % 2.5 %  
The weighted average remaining lease term increased in 2023 compared to 2022 due to a new land lease which has

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Manufacturing and Supply Chain Management 8,237 9,953 9,954   
Strategic Supply Management 707 1,541 2,033   
General and Administrative 2,761 3,768 4,035

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In 2016 , we agreed with Carl Zeiss SMT GmbH to support their R&D costs, capital expenditures and supply chain   
investments, in respect of EUV 0.55 NA (High NA). With ou r new framework agreement, these payments will no   
longer be made starting in 2021 . We pa id €969.1 million prior to the effective amendment date of the new framework   
agreement, of which €305.5 million relating to R&D costs , which was not to be repaid, and €663.6 million relating to

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capital expenditures and supply chain investments. The method of repayment for the capital expenditure and supply   
chain investment support has been converted to be repaid annually to ASML between 2021 and 2032. This amount   
is presented within Other assets as Advanced payments to Carl Zeiss SMT GmbH. The new framework agreement   
does not change the risk associated with these assets.

===== reports | ASML | 2023 ASML Annual Report =====  
  
category includes emissions result ing from our operations as well as the emissions from upstream supply chain and

===== reports | ASML | 2023 ASML Annual Report =====  
  
Manufacturing and supply chain management 1,602 7,140 58 8,800 18% 81% 1%   
Research and development 2,544 12,682 74 15,300 17% 83% —%   
General and administrative 1,686 2,332 9 4,027 42% 58% —%

===== reports | ASML | 2023 ASML Annual Report =====  
  
Operations employees Customer support and Manufacturing and Supply Chain Management employees  
Overlay The layer-to-layer alignment of chip structures  
P  
P&L Statement of profit and loss  
PAS Philips Automatic StepperName Description  
Pattern fidelity A holistic measure of how well the desired pattern is reproduced on the wafer.  
Pattern fidelity control A holistic approach to controlling the whole process of manufacturing advanced microchips in   
high volumes that aims to improve overall yields. It draws data from production equipment and   
computational lithography tools, analyzing it with techniques such as machine learning to provide   
real-time feedback.  
Patterning The process of creating a pattern in a surface to build microchips.  
PCAOB Public Company Accounting Oversight Board  
PFAS Perfluoroalkyl chemicals

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base across a wide range of technologies.•Suppliers : Our supply chain is a critical   
enabler of our ambition to grow our core   
business through innovation.  
•Co-solution partners : We work closely   
with partners in the semiconductor value   
chain that deliver essential technologies to   
enable the efficient and cost-effective   
manufacturing of microchips.  
•Technology partners : We co-develop   
knowledge and expertise within a wide   
network of technology partners and   
institutes to accelerate innovation in   
specific areas.   
•Academia : Working together with   
universities provides us with access to   
knowledge and talent. We also collaborate with both local and   
global industry platforms, such as with the   
Confederation of Netherlands Industry and   
Employers (VNO-NCW), SEMI’s

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semiconductor supply chain. Additionally,   
we submitted a new project proposal,   
ACT10, for the Chips Joint Undertaking   
(Chips JU), targeting EU contributions to   
chip technology for the next decade at the   
10 angstrom node. This consortium of 32   
partners spans multiple countries and is   
valued at over €111 million in R&D costs,   
unlocking an estimated amount of €53   
million in public funding. The project has   
been approved by the KDTJU and approval   
by national authorities is expected early   
2025.Furthermore, ASML is involved in the Chips   
JU project E2PackMan, also led by Infineon   
Technologies AG, which aims to accelerate   
innovations in electronic packaging   
manufacturing with 60 partners across   
Europe.  
In 2024, our total contribution to R&D across   
active EU public–private partnerships was   
€18.9 million , with a total investment of   
€70.9 million over three years, contributing

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and supply chain, and support functions take   
on the exciting challenge of building and   
maintaining the most advanced lithography,   
metrology and inspection systems in the   
world.  
We have eight factories in Europe, the US   
and Asia that provide high-precision, highly   
controlled environments where we assemble,   
test and deliver our complex lithography and   
metrology and inspection portfolio, from

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supply chain due to reduced material availability and   
rising prices. Additionally, inflationary pressures have

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growth and business-cycle fluctuations.Enabling our supply chain to   
grow with us toward our 2030   
targets calls for an evolution in   
how we work with our suppliers.”  
Wayne Allan  
Executive Vice President and Chief Strategic Sourcing &   
Procurement Officer  
The top 35 of our 5,150 suppliers make up 80% of our total sourcing spend

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
•Supply chain   
disruption risk•Knowledge management   
risk  
•Organizational   
effectiveness risk

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
•Supply chain   
disruption  
•Continuity of own   
operation  
•Business model•Violation of laws and   
regulations  
•Security  
•IP rights  
•Human resource•Active engagement with authorities and governments  
•Scenario planning  
•Collaborate with peers in global advocacy  
•Optimize industrial footprint  
•Apply for export licenses  
•Comply with applicable regulationsGeopolitical tensions and the strive for technological sovereignty may lead to a decoupled ecosystem. There   
is a risk that future trade restrictions (e.g. raw materials, technology, systems, investments) further limit our   
ability to source parts and/or sell systems to, or service them for, certain customers. With the increasing   
complexity of regulations, ensuring compliance has become more challenging.   
Uncertain global economy  
 •Industry cycle  
•Business model  
•Financial•Competition

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
•Supply chain   
disruption•Cost control  
•Maintain flexibility  
•Scenario planningGlobal economic conditions lead to uncertainty for semiconductor demand and therefore demand for our

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
•Supply chain   
disruption•Competition  
•IP rights•Intellectual property portfolio management  
•Patents and relevant technical publications monitoring   
•Substantial investments in security   
•Awareness and training programs   
•Cyber defense capabilitiesASML’s strengths are based on the innovation power in our ecosystem and the ability to protect our IP.   
There is significant pressure on know-how and IP protection for ASML and its open innovation partners.   
We and our partners experience cyber- and other security threats.  
Growth challenges  
 •Manufacturing and   
install  
•Supplier strategy   
and performance

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quality•Increase of manufacturing and supply chain capabilities  
•Remain flexible in our operating model  
•Drive operational excellence  
•Strengthen ecosystem relationships

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decade. That brings challenges. We are continuing to increase production capacity in our end-to-end supply chain   
to meet future demand, but we may still face challenges in increasing capacity. Such challenges can be amplified

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by supply chain constraints. In addition, hiring, onboarding and retaining our workforce in the competitive

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our facilities as well as our supply chain and customers are located   
in South Korea. Customers in South Korea represented 22.7% of   
our 2024 total net sales and 25.2% of our 2023 total net sales. In   
addition, there are tensions between South Korea and North Korea.   
A worsening of relations between those countries or the outbreak of   
war on the Korean Peninsula could impact our ability to service   
customers. A small percentage of our suppliers and customers as   
well as a customer support organization are based in Israel. The   
tensions in this region have resulted and may continue to result in   
violence and/or the outbreak of war, which could impact our   
business. From time to time, we may acquire businesses or technologies to

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can impact continuity of our operations and/or our supply chain.

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Supply chain disruption, Supplier strategy and performance  
We rely on third-party vendors for components and subassemblies   
used in our systems, including the design thereof. These   
components and subassemblies are obtained from a single   
supplier or a limited number of suppliers. As our business has   
grown, our dependence on single suppliers or a limited number of   
suppliers has grown. The highly specialized nature of many of our   
components, particularly for EUV systems, means it is not   
economical to source from more than one supplier. In many cases,   
our sourcing strategy prescribes ‘single sourcing, dual   
competence’. Our reliance on a limited group of suppliers involves   
several risks, including a potential inability to obtain an adequate   
supply of required components or subassemblies in time and at   
acceptable costs, and reduced control over pricing and quality.   
Delays in supply of these components and subassemblies could   
occur due to disruptions experienced by our suppliers for reasons

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end supply chain to meet expected demand, but we face   
challenges in increasing capacity. For example, we depend on our   
suppliers increasing their capacity and their ability to invest, and it   
takes time to build the production space and equipment required

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for expansion. We and our supply chain also need to obtain   
permits to make expansion possible, and the time it takes for these   
to be granted may cause delays.   
 It is a challenge for ASML and its suppliers to hire and retain   
employees to support expansion. Our processes and systems

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and those of our supply chain may also not be able to adequately   
support our growth. If we are not successful in increasing our   
capacity to meet expected demand, this could impact our   
relationships with customers and our competitive position.  
We and our suppliers have invested significantly in increasing   
capacity, and we face various risks in connection with this,   
including risks relating to system quality, the risk that we have not   
accurately predicted demand, and risks associated with maintaining   
a much larger production infrastructure and supplier ecosystem,   
including higher costs and challenges in controlling the enlarged   
production process.  
We also face the risk that our increase in capacity could result   
in capacity that exceeds demand (overcapacity).   
 Hazardous substances are used in the production and operation of

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standards throughout our supply chain.   
We actively engage in initiatives that support   
employee well-being and community   
development, fostering a culture of respect.   
We rely heavily on the skills, commitment   
and behavior of employees across our   
organization. It is only through their actions   
that we can build the trust and respect we

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German Supply Chain Due Diligence Act as   
of January 1, 2024, for our German   
operations in scope and are already   
preparing for the implementation of the EU

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rights holders in our supply chain and   
downstream value chain, including NGOs,   
civil society organizations, trade union   
federations, investors, suppliers and   
customers. In 2023, ASML became a member of the   
United Nations Global Compact (UNGC) and   
we submitted our first Communication on   
Progress in July 2024. As part of our Human   
Rights roadmap for the coming years, we   
established a number of distinct programs

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aimed at further prioritizing our supply chain,   
enhancing our human rights due diligence   
program and developing a systematic

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approach to supply chain due diligence.

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Valued partner in our communitiesSaliency Assessment – Supply chain  
We conducted the Saliency Assessment

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Deeper supply chain  
As expected, with regard to the provision of

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the deeper supply chain assessment   
therefore only considered industry risks. All   
potential impacts identified are therefore   
very high and further prioritization will   
require a deeper assessment.

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Processing stage of the supply chain  
In the materials processing stage, we see   
potential (medium to high) impacts in   
respect of forced labor, freedom of   
association, excessive working hours, and

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Manufacturing stages of the supply chain  
In the manufacturing stages (typically our   
direct suppliers and the first tiers beyond   
Tier 1), we see higher risks in two key areas:  
Electronic components and boards: Due to   
the fact that the electronics manufacturing   
industry is extremely dynamic, requiring the   
industry to be flexible. This tends to result in   
lower value-adding, labor-intensive, less   
advanced economies, low-skilled   
workforces and lower labor cost, all adding   
up to an increased risk of labor exploitation.   
Specifically, we identified the following   
salient topics:  
•Occupational health and safety, excessive   
overtime and lack of freedom of   
association  
•Child and student labor, particularly in the   
electronics industry  
•Forced labor in electronics manufacturing   
in certain countries.

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revolve around building supply chain due   
diligence processes and enhancing our   
existing grievance mechanism – our   
Speak Up system – to meet the   
effectiveness criteria for 'non-judicial   
grievance mechanisms' described in Article   
31 of the UNGPs – in particular, providing   
greater accessibility to workers across our

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supply chain

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supply chain. Activities in 2024 include:   
•A multidisciplinary program embedding   
processes throughout our organization –   
improving our IT solutions, enabling

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automated supply chain communication   
and delivering flexible reporting   
capabilities  
•Strengthening regulatory presence in key   
markets for timely implementation of new

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partners and the supply chain, and by   
establishing a working relationship with a

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Supply chain 89%  
Business in Asia 89%Stakeholders  
We regularly engage with our stakeholders  
to understand the impact we have on them,  
and what their needs and expectations are.  
Read more   
on page 44 >  
Board of Management   
remuneration (€’000s)  
Our Board of Management (BoM)   
remuneration policy is designed   
to fairly incentivize our BoM to deliver   
on our business priorities and create   
sustainable long-term value.  
Christophe D.   
Fouquet€5,432  
Frederic J.M.   
Schneider-Maunoury€4,209  
Roger J.M. Dassen €4,190  
Wayne R. Allan €3,897  
James (Jim) P.   
Koonmen1 €2,347  
Base salary and benefit STI LTI  
Read more on page 145 >  
1.James (Jim) P. Koonmen was appointed as a BoM   
member on April 24, 2024. Total remuneration is

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supply chain, customers and future operating modelThe Supervisory Board discussed with the Board of   
Management the short-, medium- and long-term   
market developments in the semiconductor industry   
and the related growth opportunities for ASML.   
Aspects discussed were the key end-market drivers,   
the future of lithography shrink and the future   
affordability of lithography solutions, potential   
opportunities in adjacent technologies and ASML's   
competitive position. In terms of geopolitics, the   
Supervisory Board made recommendations as to   
how to best navigate the current challenges.We closely monitored the market and business   
developments and saw management address the   
challenges related to macroeconomics, semiconductors   
and geopolitics with the highest priority. As a   
technology leader in the semiconductor industry,   
technological progress is one of ASML’s top priorities.

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supply chain  
managementBusiness  
in Asia  
For the position currently held by Annet Aris, the Works   
Council has a strengthened recommendation right and   
informed the Supervisory Board that it used its   
strengthened right to recommend Karien van Gennip for   
appointment as member of the Supervisory Board,   
effective per the 2025 AGM. The Supervisory Board   
intends to follow the Works Council’s recommendation   
and nominate Karien for appointment as a member of   
the Supervisory Board per the 2025 AGM.  
Karien van Gennip is intended to be elected as a   
member of the ESG Committee and the Remuneration   
Committee upon appointment.  
The agenda and explanatory notes for the 2025 AGM

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Community Partnership Program, scope 3 supply chain

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Spotlight: Scope 3 emissions in our supply chain  
Q&A with Wayne Allan  
Chief Strategic Sourcing &   
Procurement Officer  
Q:Why was it important to   
discuss scope 3   
emissions in our supply   
chain with the ESG   
Committee?  
Wayne Allan: ASML’s ambition is to become   
greenhouse gas neutral for scope 3 upstream supply   
chain emissions by 2030. Our aim was for the ESG   
Committee to understand and support the plan and   
actions defined by ASML’s Strategic Sourcing &   
Procurement team, also because a performance   
target related to this topic was introduced as an LTI   
metric in 2024.   
Q:Can you provide more color to what was   
discussed with the ESG Committee?  
Wayne Allan: We explained how we plan to obtain   
emission reduction commitments from our tier 1   
suppliers and to identify key decarbonization levers   
beyond these tier 1 suppliers. We also focused on   
opportunities for cross-company and cross-industry   
collaboration. In this context, the initiatives related to   
supplier data sharing and collection were also

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•Deep dive: Supply chain emissions (scope 3

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Global Supply Chain Development 5%  
Total 100%  
Hereby, the Strategic Orientation measures align with key business priorities that are critical to achieving our   
strategic objectives. If the proposed 2025 Remuneration Policy for the Board of Management is not adopted by the

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
and suppliersDisruption to the supply chain caused by unavailability of   
materials and parts (Systems, parts and tools including   
packaging and transport tools)2  
Read more in Circular   
economy  
Own operations   
and customersImpact of our resource outflows at customers’ sites (Systems,   
parts and tools including packaging and transport tools)2  
Own operations   
and customersLoss of market share and dissatisfied customers through not   
meeting agreed circular economy standards (Systems, parts   
and tools including packaging and transport tools)2

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
and suppliersInadequate or poor working conditions in our supply chain

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
suppliersDisruption in the supply chain due to unavailability of workers

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
suppliersFailure to comply with laws and regulations for supply chain

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work for all throughout our supply chain, including   
protecting labor rights and promoting a safe and

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supply chain, as well as   
the environmental

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
impact of our operations, our supply chain

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and supply chain activities .   
This complex challenge can only be   
achieved by working closely with our value   
chain partners.

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supply chain by 2030.We work with our logistics   
suppliers to improve emission   
data quality related to   
transportation and distribution   
services, and we have started   
using options to move toward   
more sustainable modes of   
transportation.We focus on reducing our   
business travel emissions by   
applying a strict need-to-travel   
policy, increasingly using the   
train and electric vehicles for   
shorter distances and sourcing   
sustainable aviation fuel for part   
of our air travel. Beginning in   
2025, we plan to compensate   
for residual CO2e emissions.

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supply chain. We are also increasing the

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for the supply chain emissions (our scope 3   
categories 1, 2 and 4) will take place in the   
upstream value chain, at the level and   
expense of our suppliers. For the remaining

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gap in collaboration with our supply chain   
partners and customers based on additional   
actions to be taken and agreed upon in the

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action – Business travel and Employee commutingScope 3 – Supply chain (purchased goods   
& services) and logistics emissions  
Our progress and ambitions

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The 2019 baselines for scope 3 supply chain   
and logistics emissions are respectively   
2,841 kt and 213 kt , adding up to a total of   
3,054 kt .

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Within the supply chain, our related   
emissions have increased compared to the   
2019 baseline, primarily caused by our   
growth and accompanying spend. As we   
have calculated our emissions based on   
spend, this is a logical trend. We have been   
working on improving data quality through   
closer collaboration with our suppliers, as an

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enabling step to reduce our supply chain   
emissions in the near future. In 2024, our

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supply chain emissions were 5,032 kt and   
our logistics emissions were 322 kt, adding   
up to a total of 5,354 kt.

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For our supply chain and logistics emissions,   
we have determined the following ambition:   
•Become GHG neutral for scope 3

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emissions from supply chain and

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
logistics by 2030Key actions for scope 3 supply chain   
and logistics emissions  
Supplier commitments to reduce emissions by   
2030 – Improvement levers: Reduce and Renew  
One of our main actions is closer   
collaboration with our suppliers, as part   
of our Strategic Sourcing & Procurement

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our supply chain partners to adopt more   
sustainable sourcing practices and ask them   
to commit to reducing or offsetting their   
scopes 1, 2 and 3 emissions by 2030.  
As part of our program, we also encourage   
our suppliers to develop roadmaps to use

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complexity of our supply chain with a long   
tail existing of many different tiers is adding   
additional challenges. We are also   
dependent on the accessibility of affordable

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supply chain emissions (remaining scope 3   
categories 1, 2 and 4 emissions after   
reduction) to take place in the upstream   
value chain, at the level and expense of our   
suppliers. We track our performance through   
progress performance meetings with senior   
leadership and cross-functional table   
meetings in which progress toward our   
targets is reported.Purchased goods and services and capital   
goods (scope 3 categories 1 and 2)   
contribute to 92% of upstream emissions.   
Most of the remaining upstream emissions   
are from outbound logistics (scope 3   
category 4).

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neutrality in our supply chain by 2030.   
We seek to engage with value chain partners   
who share our values and are dedicated to   
maintaining environmental standards.  
Engaging and collaborating with our   
suppliers

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
our supply chain:  
•Actively engaging with the top 80% of our   
suppliers and asking them to commit to   
reducing their carbon footprint by 2030, by

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supply chain – in turn helping us discover   
more collaboration and reduction   
opportunities.  
As long as we rely on spend-based   
emissions data, our calculated CO2e   
emissions will increase/decrease in line with   
our spend. We are collaborating with our   
suppliers to improve data quality based on   
actual input from suppliers, to improve their   
carbon footprint and switch to renewable

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impacts of our operations, supply chain

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engagement with their supply chain to mitigate

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our supply chain emissions by 2030 and for product   
use emissions by 2040. The objective of our supply

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We have developed dedicated supply chain programs   
to monitor the availability of raw materials and   
economic development as well as a scarcity program   
to monitor scarce commodities.Increased capital expenditures   
Both ASML and its suppliers need to increase R&D   
investments to be able to adapt our systems to be more

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supply chain (including logistics)  
•By 2040, we aim to become GHG neutral   
across our entire value chain

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addresses the risk of supply chain disruption   
due to scarcity or unavailability of raw   
materials and parts. Decoupling inflow from   
growth and closing material loops will be key   
for operational resilience – leading to lower   
use of virgin materials and reduced emissions   
through disposing locally and elimination of

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
Disruption to the supply chain caused   
by unavailability of materials and parts  
Loss of market share and dissatisfied   
customers through not meeting agreed   
circular economy standards  
Inability to meet changing customer

===== reports | ASML | 2024 Annual Report based on IFRS =====  
  
Disruption to the supply chain caused   
by unavailability of materials and parts  
Loss of market share and dissatisfied   
customers through not meeting agreed   
circular economy standards  
Inability to meet changing customer

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back into the supply chain – either to the   
original module suppliers or to ASML.   
Our goal is to standardize these processes   
and create a network-related solution to   
enable high flexibility and reduce transport,   
which also reduces our CO2e footprint.  
These activities – which are under   
development globally and connected to our   
general enterprise resource planning (ERP)   
system – support us in maintaining a parts   
return rate of 95% and a recondition rate of   
95%.   
On an annual basis, the additional potential   
savings related to these activities amount to   
€1.5 billion worth of materials. Localized repair centers  
Currently, we have repair centers in Asia   
(South Korea, Taiwan and China), the US   
(Wilton, San Diego, Vancouver WA) and the   
EU (Veldhoven), which work with local   
suppliers and specialized repair partners to   
create a local ecosystem. By enabling repair   
and reuse activities and taking ownership of   
repairs close to where materials are needed,   
we are able to reduce logistics time, cost of   
stocking parts and our environmental impact   
(by reducing both scrap and GHG   
emissions).  
In 2024 we opened our new Reuse Work   
Center in Newtown, Connecticut (US). With   
this dedicated facility for reuse and repair   
activities, our Wilton (US) factory greatly   
increased its reuse capacity and efficiency.   
The Newtown Reuse Work Center features   
its own 2,500 ft2 cleanroom, including a   
grade-four area for dismantling particularly   
sensitive modules (such as YieldStar   
sensors and EUV uniformity correction   
modules), a warehouse and logistics   
facilities. A dedicated team of production   
engineers, technicians and logistics experts   
drives disassembly, repairs and upgrades of   
modules and will be taking many more parts   
from the Wilton factory, including DUV   
reticle stages, Z-mirrors, YieldStar sensors   
and EUV uniformity correction modules. Improving the effectiveness of the reuse   
flow  
In 2024 we began improving the data   
availability of materials flow and registration   
in our ERP system.  
In our new system designs, we aim to   
ensure design-for-reuse principles.   
The related training and detailed   
documentation have been tested and rolled   
out in 2024 and will be continued in 2025.  
To track the effectiveness of our reuse flow   
actions, we constantly measure the return-  
to-recondition flow, the recondition-to-good-  
stock flow and the reuse rate, and we also   
monitor the inventory levels of materials to   
be reconditioned.  
Circular supplier collaboration  
We are collaborating with suppliers to   
incentivize reuse over new purchases.   
We have started transferring used parts   
back to our suppliers to repair, refurbish   
or harvest for reuse in their new buying   
process, giving them more flexibility in   
how they can reuse parts. In the prior year,   
we investigated how to support a new   
collaboration model with suppliers for   
reusing materials, as well as how to adjust

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back into the supply chain as separate   
parts. This approach provides greater   
availability of materials, reduced cost and   
lower lead times, particularly for lenses in   
high demand. We have also completed a   
pilot to include XT main bodies in this   
process.Resources  
We have a dedicated Reuse & Repair   
organization. While in the beginning cost   
was the main purpose of reuse, other key

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chain is their supply chain.  
...for our employees  
Our approach aligns with their expectations regarding

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management.A transparent supply chain in   
which human rights and the

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supply chain or in the downstream value

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materials may have in the supply chain or

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impacts.For impacts arising in the supply chain, we   
track progress via SAQs of suppliers, our   
third-party risk management process and   
RBA audits (including tracking progress on   
corrective action plans).   
For actual impacts identified via our   
grievance mechanism (Speak Up Service) –   
or other channels like the National Contact   
Points for the OECD Guidelines for   
Multinational Enterprises – follow-up is   
tracked via our Speak Up Service.  
We periodically review the implementation   
progress of our due diligence processes and   
outcomes achieved to identify trends and   
areas of improvement – the outcomes of   
which are communicated with senior   
leadership.  
5. Communicate impacts and progress  
We embrace continuous, open dialogue and   
knowledge-sharing for the benefit of all   
parties. Effective and meaningful   
engagement with stakeholders is a critical   
enabler of the execution of our ESG

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own supplier base. Our supply chain – which

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in our supply chain  
Lack of access to equal opportunities   
across our value chain  
Forced and child labor in conflict areas  
Risks and opportunities:  
Failure to comply with rules and   
regulations regarding conflict minerals

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Disruption in the supply chain due to   
unavailability of workers   
Read more in Strategic report – Performance and

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supply chain (step 2 of our environmental   
and human rights due diligence framework   
in How we’re managing).  
It is our policy to discuss all high-risk   
findings with the supplier to evaluate the risk   
and determine if an improvement plan is   
needed. When the result of the SAQ scores   
is high-risk, we request the supplier to   
elaborate on their responses and/or answer   
follow-up questions. In case the high risk   
remains after further evaluation and   
clarifications with the suppliers, we work   
with the supplier to define an action plan to   
close the high-risk areas.  
During regular table meetings we track and   
assess both the proportion of suppliers who   
have completed the RBA SAQ and the   
progress made on the high risks evaluated   
and related follow-up activities.   
Resources  
The resources needed for this action are   
included in the Consolidated financial   
statements in Selling, general and   
administrative costs. They consist of our   
annual RBA membership fee and personnel   
expenses for the colleagues executing the   
activities from our Strategic Sourcing and   
Procurement and Risk and Business

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Pursuant to the German Supply Chain Due   
Diligence Act, we performed a risk analysis   
on suppliers in scope and continue to   
monitor these as an integral part of our

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supply chain, we are further developing   
methods for risk identification and   
prioritization, further mapping our supply   
chains and expanding the scope of suppliers   
within RBA monitoring. We are further building   
our resources in terms of managing, preventing   
and mitigating adverse human rights impacts.   
We are strengthening our capabilities regarding   
the management of conflict minerals and

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sourcing of materials in our supply chain. We support international efforts to ensure the   
mining and trading of 3TG minerals from high-risk locations does not contribute to   
conditions of armed conflict and/or serious human rights abuses.  
We have adopted a series of compliance measures based on the legal requirements and   
guidelines of the five-step framework set out by the OECD Due Diligence Guidance for

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This is due to several reasons: 3TG supply chain complexity, the number of tiers of   
suppliers to trace the source, and the limited number of certified conflict-free smelters

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for all conflict minerals. Obtaining correct data from our supply chain is a challenge, and   
we continue to encourage our suppliers to trace the origins of the 3TG minerals within

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their supply chain in accordance with applicable conflict minerals rules and regulations.   
We also request our suppliers to report smelters who are not listed or identified on the

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determine the unique smelters in the supply chain (excluding duplicates). We identified   
482 unique smelters in 2023, of which 236 are RMAP conformant (as of May 2024).  
Read more in our Conflict Minerals Report available at asml.com

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architects and integrators. We trust our supply chain to   
innovate with us and manufacture most system parts   
and modules.  
...for our shareholders  
Innovation drives our technological leadership,   
long-term success and value creation.  
...for society  
Digital technologies are some of the most important   
tools to help society make progress and address global   
ESG challenges – for example, related to the United   
Nations Sustainable Development Goals (UN SDGs).

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manage our local supply chain output  
Addressing adverse reactions from

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manage our local supply chain output  
Failure to create an attractive   
community for future employees,   
could impact our ability to attract   
talent  
Read more in Strategic report – Performance   
and risk – RiskTargets and performance  
Of the total CPP investment, €7.9 million   
was invested in programs pursuant to

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and the supply chain through the   
management of relationships with   
suppliers  
Risks and opportunities:  
Failure to comply with regulations due   
to increasing complexity as we   
expand into more countries   
F  
a  
iFailure to comply with laws and

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regulations for supply chain due   
diligence  
Failure to comply with data privacy   
regulations or breaches of data   
privacy  
Read more in Strategic report – Performance   
and risk – RiskOur targets and performance  
No matter which country we operate in,   
we only wish to conduct business with   
fairness, integrity and respect for the law  
We aim to maintain an up-to-date Code of   
Conduct aligned with the latest RBA   
standards, ensur ing training materials are   
available for all employees and meticulously   
track participation. We are constantly   
enhancing our programs and strengthening   
our measures. By maintaining these   
initiatives and improving our processes, we   
ultimately hope to demonstrate our   
commitment to ethical business practices   
and adherence to the highest standards of   
fairness, integrity and compliance.  
To track and assess the effectiveness of   
these actions , we conduct a yearly ethics   
survey covering 25% of our workforce, and   
monitor several key metrics including the   
number of Speak Up reports and the   
completion rate of Code of Conduct training   
– aiming for a higher rate each year.Annual ethics pulse survey  
The ethics pulse survey was sent to a   
random 25% of the total employee   
population, with roughly 3, 400 responses.   
We were pleased to see stable results, with   
89% of respondents agreeing or strongly   
agreeing that “ASML makes it sufficiently   
clear what the principles of the Code are and   
how to comply with them”.   
Over 70% also strongly agreed or agreed   
with the following statements:  
•“ASML shows a commitment to ethical   
business decisions and conduct”

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the supply chain through the   
management of relationships with   
suppliers  
Risks and opportunities:  
Failure to comply with regulations due   
to increasing complexity as we expand   
into more countries   
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iFailure to comply with laws and

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regulations for supply chain due   
diligence  
Failure to comply with data privacy   
regulations or breaches of data privacy  
Read more in Strategic report – Performance and   
risk – RiskOur targets and performance  
If we are to demand the highest   
standards of employees and suppliers, we   
must go above and beyond in embodying   
the same. We do not tolerate any form of   
bribery or corruption.   
We set out to ensure that anti-bribery and   
anti-corruption compliance would remain an   
important focus area across our global   
operations, and in 2024 managed to   
continue to increase awareness of our Anti-  
Bribery and Anti-Corruption program – with   
no convictions or fines against us or our   
employees in these areas in the reporting   
year. Substantiated breaches of anti-bribery   
or anti-corruption procedures and standards   
are generally followed up with corrective   
actions, including disciplinary actions,   
review and enhancement of internal controls   
and policies, additional training or other   
measures that aim to further promote a   
culture of ethics and professional integrity.Our actions and resources  
Providing clear guidance on gifts and   
entertainment   
We have strict rules around the giving and   
accepting of gifts and entertainment. Such   
activities should never influence – or even   
appear to influence – the integrity of our   
business decisions and transactions, or the   
loyalty of any of the parties involved.   
We have been updating our Gifts &   
Entertainment Policy – a key element in our   
Compliance and Anti-Bribery and Anti-  
Corruption programs, particularly in the rules   
it sets around requests for prior approval for   
particular categories of third-party gifts and   
entertainment. Last year, we also launched   
an associated set of tools as part of this   
approval requirement, helping us capture a   
register of given and accepted gifts or   
entertainment and offering employees

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economic implications including supply chain constraints, inflation and uncertainty in the macroeconomic

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ASML owns the majority of real estate we utilize for manufacturing, supply chain management, R&D and general   
administration at our headquarters in Veldhoven, the Netherlands. Our other locations worldwide, mostly related to   
customer support, are leased. The total right-of-use assets related to properties includes a new finance lease   
arrangement for land of €32 million .   
The right-of-use assets increased in 2024 compared to 2023 mainly due to new land and warehouse leases and   
extensions of existing leases.  
Lease liabilities are split between current and non-current. The non-current portion mainly consists of properties and   
warehouses and is presented as part of Accrued and other liabilities. For the year ended December 31, 2024 , Lease   
Liabilities increased by €78.1 million , mainly due to lease extensions and new leases of properties that commenced   
during 2024, of which €16.9 million relates to a finance lease.   
Year ended December 31 (€, in millions) 2023 2024  
Current 46.7 68.6   
Non-current 181.2 237.4

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Manufacturing and Supply Chain Management 9,953 9,954 11,341   
Strategic Supply Management 1,541 2,033 1,965   
General and Administrative 3,768 4,035 4,385   
Research and Development 14,181 15,604 15,992   
Total 39,086 42,416 44,027   
Less: Temporary employees 2,974 2,107 1,241   
Payroll employees 36,112 40,309 42,786 Short-term incentive bonus plans   
We have annual performance-related STI bonus plans for our employees. Under these plans, the employee bonus   
payout depends on the employee’s job grade, the type of bonus plan and the company/individual performance. The   
employee bonus payout (excluding the Board of Management) ranges between 0% and 126% of their annual base   
gross salary. The 2024 STI bonus is accrued for as part of Accrued and other liabilities in the Consolidated   
statement of financial position and will be paid in the first quarter of 2025 .  
The STI bonus expenses for the (former) Board of Management and other employees were as follows:   
Year ended December 31 (€, in millions) 2022 2023 2024  
Board of Management 3.8 6.0 5.3   
Former Board of Management1 — — 1.0   
Other employees 410.2 932.0 816.8   
Total STI bonus expenses 414.0 938.0 823.1   
1. On April 24, 2024, Peter T.F.M. Wennink and Martin A. van den Brink stepped down from their roles as Presidents of ASML and are, therefore,

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In 2016 , we agreed with Carl Zeiss SMT GmbH to support their R&D costs, capital expenditures and supply chain   
investments, in respect of EUV 0.55 NA (High NA). With our new framework agreement, these payments will no   
longer be made starting in 2021. We paid €969.1 million prior to the effective amendment date of the new   
framework agreement, of which €305.5 million related to R&D costs, which was not to be repaid, and €663.6 million

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related to capital expenditures and supply chain investments. The method of repayment for the capital expenditure

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and supply chain investment support has been converted to be repaid annually to ASML between 2021 and 2032.   
This amount is presented within Other assets as Advanced payments to Carl Zeiss SMT GmbH. The new framework   
agreement does not change the risk associated with these assets.

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1 and 2) and for business travel and commuting (scope 3) by 2025, in their supply chain (scope 3 upstream) and

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with select supply chain partners around GHG emissions and   
help them develop their own GHG emissions reduction goals.

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practices in the supply chain. We also partner with   
Supplier.io to track supplier inclusion and diversity. In 2023,   
we plan to expand the RBA SAQ to include both direct and   
indirect suppliers and begin engagement with select supply   
chain partners on setting GHG emissions reductions goals.  
Employees :   
KLA’s competitive advantage lies in the knowledge and   
expertise of our people and the innovative ideas they bring   
to our business. Our passionate employees strive to make   
an impact through their work. They play a crucial role in

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policies across our operations and supply chain. This has enabled KLA to advance progress on issues such as human rights; labor; environment,   
health and safety; anti-corruption; ethics; and management system standards.   
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Global Impact Report   
2022INTRODUCTION  
CEO Message

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SUPPLY CHAIN

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Advancing LeadershipProducts & Supply Chain  
Advancing InnovationHuman & Labor RightsHealth, Saftey, & Well-being  
Inclusion & Diversity  
Materials & WasteBusiness Ethics & Compliance

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commitment to safety in our supply chain and with our customers.  
KLA has trained emergency response teams at our key locations and in 2022 created a global   
framework for emergency response and crisis management.Safety and Compliance   
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Global Impact Report   
2022INTRODUCTION  
PEOPLE  
Talent  
Inclusion & Diversity  
Health, Safety   
 & Well-being  
Community Engagement  
Keep Looking Ahead

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& SUPPLY CHAIN  
Our culture of innovation drives us to tackle complex

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theories into reality. And through our supply chain   
stewardship initiatives, we help to move sustainable   
innovation forward through collaboration.  
Image: KLA Gen 5  
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As a global company, we are committed to continue aligning our supply chain strategy with our broader ESG goals   
around Advancing Humanity.

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related risks in the supply chain. For more information, please see our Environment Chapter . Managing Conflict Minerals   
We continue to reinforce labor and human   
rights best practices across our supply   
chain. In alignment with the SEC and   
Section 1502 of the U.S. Dodd Frank Act, we   
complete an annual Reasonable Country of   
Origin Inquiry (RCOI). Through third-party   
verification of results, this process helps   
us better understand the potential use of   
conflict minerals — tin, tungsten, tantalum

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and gold — in our supply chain. We then   
use this information to inform mitigation   
strategies, supplier engagement priorities   
and annual disclosures.  
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Keep Looking AheadExpanding Supply Chain Inclusion & Diversity  
We assist our partners through our Supplier Inclusion & Diversity website . New suppliers are encouraged to voluntarily   
notify KLA if they meet any of the recognized “diverse supplier” categories listed on our webpage, such as women-owned   
businesses or businesses owned by individuals from underrepresented groups, including minority, veteran and LGBTQ+   
suppliers. This information will be used to show a more accurate representation of our current supplier base.  
As a corporate member of the Western Regional Minority Supplier Development Council (WRMSDC), we have access to

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a network of diverse suppliers and can exchange best practices with peers in improving supply chain I&D. And through   
our participation in the SEMI Manufacturing Ownership Diversity (MOD) working group, we seek to assist SEMI MOD in   
focusing on the capabilities of diverse suppliers in the semiconductor manufacturing industry.  
If a supplier meets any applicable classifications, but has not yet sought certification, that supplier can promptly seek   
certification from a local or state government certifying agency, as well as regional or national minority and women’s   
business councils. For questions on how to obtain certification, please refer to our website.   
   
Discrimination is not tolerated at KLA or with our suppliers. Further, KLA expects its suppliers will not discriminate within

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their supply chain practices. Suppliers are expected to be transparent and not discriminate on the basis of race, color,   
national origin, ancestry, religion, sex (including pregnancy, childbirth or related medical conditions), gender identity,   
gender expression, sexual orientation, marital or familial status, age, disability, genetic information, medical condition   
(cancer and genetic characteristics), veteran or military status, status as a victim of domestic violence, sexual assault or

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Launched our Supply Chain Sustainability   
Program, aligned with our broader ESG   
strategy  
• Conducted ESG Materiality   
Assessment which helped to identify

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ESG priorities within the supply chain   
• Joined SEMI Manufacturing   
Ownership Diversity (MOD) working

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groupAdvanced our supply chain diversity   
efforts, consistent with a company-wide   
focus on inclusion  
• Became a corporate member of the   
Western Regional Minority Supplier   
Development Council (WRMSDC)Further refined our supplier inclusion   
& diversity vision, program and   
expectations  
• Expanded our supplier education   
efforts through our Supplier   
Inclusion & Diversity webpage Expanded inclusion & diversity

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transparency across our supply chain  
• Identified a tool to further increase   
our access to diverse suppliers in

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Our journey toward supply chain stewardship began in 2015 when we launched our initial

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Diverse Supplier Program. Since then, we have built the foundation for strong supply chain   
stewardship through the following milestones:  
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Keep Looking AheadProducts & Supply Chain: Keep Looking Ahead   
NEXT STEPS IN 2023 AND BEYOND

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our supply chain.   
In 2022, we planned our supplier engagement approach by building internal   
alignment across our different programs and teams. Starting in 2023, we   
are directly engaging with our suppliers who represent the highest impact   
emissions for our purchased goods and services to build a baseline that we   
may begin to track and report on in the future.   
This is the beginning of our process to build a strong foundation for supply   
chain stewardship and further demonstrate our overall commitment to reduce

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strategy, please visit the Supply Chain section of this report.2022

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successfully collect supply chain information to implement our strategy  
2023 & Beyond  
Launch of our supplier engagement strategy   
• Beginning in 2023, we are engaging select suppliers to begin their ESG journey

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Our approach is similar with our suppliers, and in 2023, we engaged key members of our supply chain to disclose metrics to CDP and

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Advancing LeadershipProducts and Supply Chain  
Advancing InnovationHuman and Labor RightsHealth, Saftey and Well-being  
Inclusion and Diversity  
Materials and WasteBusiness Ethics and Compliance

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inclusion and diversity in our supply chain.

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Companies by NewsweekProducts and Supply Chain  
• Invested $1.3 billion in research and   
development   
• Collaborated to help manufacturers

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customer base and supply chain, and   
this award reflects those efforts.”  
— Theo Kneepkens   
Senior Vice President, Global Operations  
  
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KLA is proud to be part of the most significant   
technological breakthroughs that define our times,   
from laptops and wearable devices to smartphones   
and smart cars. We are always working to improve

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supply chain, and delivering a cleaner and more   
sustainable future for all.   
  
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also in our supply chain.   
In our own operations, KLA follows best practices to improve   
power efficiency and seeks new opportunities to transition

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and 2 emissions by 2050. In our supply chain, we engage with

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in the fab before they enter the supply chain, improve decisions on which chips meet automotive quality standards,   
and reduce false positives and negatives associated with at-risk chip identification. I-PAT can be used to screen   
SiC-based and silicon-based power devices for use in EV power inverters as well as silicon-based chips used for   
infotainment and advanced driver-assist systems.  
With global automakers expected to sell more than 40 million EVs per year by 2030, KLA is continually looking ahead   
to support development of new technologies for greener, smarter cars that run safely and deliver an outstanding

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its supply chain.   
To mitigate these threats, our cybersecurity team evaluates the   
architecture of our network, maintains a security-first mindset   
and focuses on scalability to support the future needs of the   
business. KLA’s cybersecurity program is based on the National   
Institute of Standards and Technology (NIST) Cybersecurity   
Framework. This does not imply that we meet any particular   
technical standards, specifications or requirements, only that   
we use the NIST CSF as a guide to help us identify, assess and   
manage cybersecurity risks relevant to our business. Our   
cybersecurity program is led by our chief information security   
officer, who reports regularly to our executive team and at   
least quarterly to our Audit Committee. Our security team is

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Supply Chain ManagementKLA aims to ensure reliable, efficient access to the goods and services needed to create our products. We evaluate   
our suppliers and require compliance with business codes of conduct, human rights standards, and the terms and

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we build stronger supplier relationships, optimize our supply chain and strengthen KLA’s competitive advantage.   
“At KLA, we understand the profound   
impact our technology has on shaping   
the future. By constantly innovating and   
partnering responsibly, we’re committed   
to driving progress and transforming   
industries.”  
   
— Theo Kneepkens   
Senior Vice President, Global Operations

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KLA’s Supply Chain Management (SCM) program works toward continuous improvement

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Reducing Supply Chain Carbon Impacts section of this report for more details on this initiative.  
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in our supply chain. Following verification   
by a third party, we use the results of this   
inquiry to inform mitigation strategies,   
supplier engagement priorities and annual   
disclosures. In 2023, we began expanding   
our inquiry to include cobalt and mica, two   
emerging materials of concern. For details,

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labor risks that may occur in our supply chain, especially   
for vulnerable populations in society, including women,   
children and minority groups. Through our Global Human   
Rights Standards, we communicate our high expectations

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to our supply chain partners, and our global supply chain   
management program supports efforts to drive ongoing   
compliance and transparency regarding human rights

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throughout our supply chain. We enforce our human rights   
policies through our annual RBA Supplier Assessment   
Questionnaire (SAQ), contractual supplier requirements and   
ongoing supplier relationship management.Supplier Inclusion and Diversity

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KLA strives to build an inclusive supply chain, and we recognize that   
partnering with a broad range of suppliers is fundamental to the   
company’s continued success. In our sourcing and purchasing activities,   
we seek out a variety of suppliers whose goods and services meet KLA’s   
standards, supplier selection criteria and customer requirements.   
The Supplier Inclusion & Diversity page of our website encourages   
potential new certified suppliers to notify KLA if they meet any of the   
recognized categories listed in our Supplier Diversity Classifications Guide.   
We maintain memberships with organizations that focus on the growth of   
our supplier base. In 2023, we gave supplier managers access to a third-  
party database to search for potential diverse suppliers that may meet   
KLA's needs and stringent standards.  
We also continued our engagement with the Western Regional Minority   
Supplier Development Council (WRMSDC) and the SEMI Manufacturing   
Ownership Diversity (MOD) working group. As a recognized Bronze-level   
corporate member of the WRMSDC, KLA shares best practices aimed   
at building more inclusive supply chains. We also support WRMSDC’s   
mission to expand business education and develop business development   
scholarships. Through SEMI-MOD, we participate in efforts focusing on   
the capabilities of suppliers in the semiconductor manufacturing industry.  
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the broader supply chain.Measuring supplier business continuity planning:

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KLA’s purchase agreement requires our direct supply chain partners to have   
business continuity plans in place. In 2024, we aim to launch a supplier risk   
management survey to assess suppliers’ maturity in the areas of resiliency,

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reductions in our supply chain.

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To address emissions in our supply chain, we work with suppliers representing the highest-impact emissions

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Reducing Supply Chain Carbon ImpactsIn 2023, our overall Scope 1, Scope 2 and Scope 3 emissions decreased by 18% from 2022 and our emissions intensity decreased by 11%.   
2021 2022 2023  
Revenue (millions) tCO2e/m$  
$8.2 402.6 $10.5 407.0 $9.7 363.1Revenue (millions) tCO2e/m$ Revenue (millions) tCO2e/m$  
Emissions Intensity   
(tCO2e/million revenue)  
We understand that doing the right thing for the planet is a shared endeavor across the value chain. Since purchased goods   
and services (PGS) comprise a significant percentage of our overall Scope 3 footprint, KLA engages directly with key supply

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chain partners (as defined by their share of our PGS emissions) to reduce that footprint, align our supply chain on common   
goals and enhance overall transparency.   
In the first year of this new effort, we provided significant outreach and training to our key suppliers and encouraged them to

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among our supply chain partners. Our own footprint comprises water used in manufacturing processes and   
general building services (including sanitation, landscaping and utilities).

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Reducing supply chain carbon impacts:

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Supply Chain Carbon Impacts ) to develop and roll out new trainings to increase knowledge,

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physical risks could negatively impact our supply chain   
operations. In our downstream operations, we considered   
physical risks such as increasing frequency and severity of extreme weather events which could negatively impact   
our customer operations. We considered market-related   
transition risks and downstream opportunities such as   
innovation to enhance the efficiency of existing and/or new

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including Real Estate, IT, Supply Chain, Product and   
Corporate/Legal – and subject matter experts were

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outputs inform our supply chain strategy and management   
plans. In downstream operations, these outputs inform our ESG strategy and management plans, including leveraging   
opportunities to: develop a better understanding of our

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(94.5/100) demonstrates a commitment to safety in our supply chain and with customers.  
In 2024, we expanded a consistent emergency response (ER) framework and response plans to 10 more of our   
largest locations, bringing our total to 20. Throughout each year, we conduct training, drills and exercises to test   
the adequacy of ER planning, processes and response, as well as the readiness of our site-level emergency   
response teams. In 2024, we aligned our security and EHS functions under the same reporting organization,   
streamlining ER planning, procedures and communications. Our Core Crisis Management Team, consisting of   
executives and other key leaders, oversees our corporate-wide crisis management framework, which includes   
established levels of responsibility within critical functions. In 2024, we completed additional, bespoke crisis   
management plans for five of our global sites.  
0.280.250.440.801.20  
0.80  
0.000.300.600.901.201.50U.S. Total Recordable Injury Rate   
(KLA vs. Industry)  
KLA rate Industry sector rate2022 2023 2024I  
ncident rate per yearG  
lobal Impact Report  
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This is a time of dynamic market opportunity for the   
semiconductor industry. As our customers work toward   
the potential of tomorrow’s AI-powered technologies to   
advance industry, society and the transition to a low-carbon   
economy, they’re looking to KLA for comprehensive solutions   
that can help them boost manufacturing yield, optimize   
their operations and enable the next generation of   
power-efficient devices.  
Virtually all the key technologies that have shaped our   
current age have relied on KLA innovations to reach the   
market. Today, we’re harnessing that same innovative spirit   
to enable breakthroughs that will help decouple industrial   
growth from emissions and deliver a more sustainable

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supply chain and reducing our own carbon   
footprint, we aim to support the global shift   
to a low-carbon economy. For more

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Supply Chain Management

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KLA’s supply chain management (SCM) program works toward continuous improvement throughout the KLA product   
lifecycle and supplier relationship, communicating our expectations and providing guidance to our suppliers. For supplier   
managers, category managers and buyers, our cross-functional selection and qualification process includes guidance on   
required deliverables, supplier engagement and performance improvement for direct suppliers. Similarly, our Sourcing   
Guidelines provide guidance regarding new and existing indirect suppliers.  
Through our tiering process for direct suppliers, we create required scorecard reviews that track changes in a supplier’s   
overall performance across both business metrics and ESG issues, including country-specific risks, commodity-specific risks,

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responses from 72% of suppliers contacted, outperforming the average CDP response rate for North America supply chain

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members. See the Reduci ng Supply Chain Carbon Impacts section of this report for more details on this initiative.  
To help our suppliers build ESG capacity and improve performance, we provided them with a webinar in 2024 on conflict

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and mitigate risks associated with LEGO factors that pose significant threats to the supply chain, including but not limited to   
human rights, chemical substances, and minerals, metals and related materials, especially where such factors intersect with   
higher-risk countries. During the year, LEGO made preparations for the required 2025–26 reporting on perfluoroalkyl and   
polyfluoroalkyl substances (PFAS) mandated by the TSCA, and identified and documented other compliance/ESG efforts and

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and resilient supply chain by effectively   
managing and reporting their environmental,

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vigilant for any potential human rights issues and labor risks that may occur in our supply chain, especially in regard to vulnerable populations including women, children and minority groups.

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Through KLA’s Global Human Rights Standards , we communicate the company’s high expectations to supply chain partners, and our global supply chain management program supports efforts to

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drive ongoing compliance and transparency regarding human rights throughout the supply chain.

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Annually, KLA assesses the risk of forced labor in our supply chain by leveraging the RBA SAQ process. The SAQ addresses topics such as recruitment practices, employment contracts, freedom   
of movement, retention of personal documents, and working conditions to help identify risks related to forced labor. KLA enforces our human rights policies through contractual supplier   
requirements and ongoing supplier relationship management. We also provide internal training on preventing human trafficking and slavery to select KLA employees based on their job function.

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Our supply chain partners are encouraged to ask questions, seek guidance, report suspected violations and express any concerns about human rights issues confidentially via KLA’s Compliance   
Hotline, Ethics Point , including anonymously if they so choose.   
Minerals Sourcing

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known to fund conflict and human rights abuses. In alignment with U.S. regulations, we complete an annual Reasonable Country of Origin Inquiry (RCOI) into 3TG minerals in our supply chain.   
Following verification by a third party, we use the results of this inquiry to inform mitigation strategies, supplier engagement priorities and annual disclosures.

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Engaging our supply chain: To continue prioritizing customer needs and requirements, KLA will work to ensure continued supply chain resilience and engage supply chain partners around   
compliance with company policies and applicable standards, laws and regulations.

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Expanding our supply chain: KLA will continue our commitment to expanding the breadth of our supply chain by engaging in broad sourcing strategies and encouraging small businesses to   
respond to solicitations. We will always select the best company to meet our requirements while ensuring equal opportunity and nondiscrimination in our processes.  
Growing industry leadership: KLA will assume the lead role in the Best Practices Working Group within the SEMI Global Supplier Opportunity Network (GSON).Keep Looking Ahead  
NEXT STEPS IN 2025 AND BEYOND

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reductions in our supply chain.  
In 2024, the Science Based Targets initiative (SBTi) approved our near-term, science-based emissions reduction targets,   
including our existing Scope 1 and Scope 2 goals and a quantifiable Scope 3 reduction target:  
•Reduce absolute Scope 1 and 2 emissions 50% by 2030 from a 2021 base year

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To address emissions in our supply chain, we work with suppliers representing the highest-impact emissions to set

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APPENDIXReducing Supply Chain Carbon Impacts  
Building technologies and efficiencies that can drive down carbon impacts has to be a shared endeavor across the   
value chain. Since purchased goods and services (PGS) comprise a significant percentage of KLA’s overall Scope 3

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footprint, we engage directly with key supply chain partners (as defined by their share of our PGS emissions) to

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reduce that footprint, align our supply chain on common goals and enhance overall transparency.  
KLA made progress in engaging our suppliers on carbon reduction in 2024, growing the number of suppliers involved

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in response rate, outpacing the CDP’s average response rate for North America supply chain members. Our SBTi   
efforts also gained traction, with the percentage of targeted suppliers that have set science-based targets rising from   
15% in 2023 to 22% in 2024. By incorporating the additional data from these improvements into our inventory, we   
gain a more precise understanding of our emissions. For more information on how collected data was integrated,

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— Scott Bostic, senior supply chain manager  
Global Impact Report  
2024  
  
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PEOPLE

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Furthering supply chain engagement: In 2025, we will analyze progress on our supplier engagement efforts and explore how we can further our impact on decarbonizing KLA’s

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supply chain.

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industry and its supply chain.   
To mitigate these threats, our cybersecurity team evaluates the architecture of our network, maintains a security-first   
mindset and focuses on scalability to support the future needs of the business. KLA’s cybersecurity program is guided   
by recommendations from the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) to   
help the company identify, assess and manage cybersecurity risks relevant to our business. We continue to enhance   
our data privacy compliance program to address the EU’s General Data Protection Regulations (GDPR) and new data   
privacy regulations in other jurisdictions as they apply.

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we considered how physical risks could negatively impact our supply chain operations. In our downstream operations, we considered physical risks such as increasing frequency and severity of   
extreme weather events that could negatively impact our customer operations. We considered market-related transition risks and downstream opportunities such as innovation to enhance the

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Key senior leaders across our business operations (including Real Estate, IT, Supply Chain, Product and Corporate/Legal) and subject matter experts were engaged to assess the relevance of climate-  
related risks and opportunities to the business and prioritize them. Collected through surveys led by a third-party consultant, this stakeholder input provided insight on the anticipated magnitude of   
impact and the ability of the business to control and mitigate risks and capitalize on opportunities. Results were reported to the ESG Steering Committee. Outputs are used to inform potential   
adjustments to our company strategy and management plans, including leveraging opportunities to enhance our operational business continuity plans for resiliency, reduce resource use and

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support our transition to a low-carbon economy. In our upstream operations, outputs inform our supply chain strategy and management plans. In downstream operations, these outputs inform our

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Highlights ..................................................................................... 56  
Our strategy for mutual success ....................................... 57

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Collaborating t oward ESG progress .............................. 62

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are working across our supply chain, with a goal to increase supplier engagement and assess their performance on

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supply chain• Achieve more than 90% compliance with our social and environmental expectations across our top-tier suppliers Annual

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throughout Lam’s operations and supply chain, including

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operations, supply chain, and the

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In an industry facing unprecedented supply chain pressures,   
balancing the need for business agility and security can be a   
challenge. One employee who understands this well is Nivedita

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In 2022, the GTGA group remained focused on addressing issues such as supply chain   
resiliency and trade compliance in the local economies in which we operate. The group   
played a central role in helping Lam navigate new export controls issued by the U.S.   
Department of Commerce’s Bureau of Industry and Security in October. The controls   
restrict the export of advanced U.S. chipmaking equipment to the People’s Republic of   
China.1 These controls directly impact our industry and business, so the group worked   
closely with Lam’s leadership and Board to ensure a compliant, proactive response.  
Externally, the GTGA group played a leading role in industry consortia to amplify   
Lam’s voice in the wafer fabrication equipment industry and larger semiconductor

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Lam has proudly achieved the top honor within the Intel global supply chain: The   
Intel EPIC Outstanding Supplier Award. Of the thousands of suppliers Intel works   
with every day, Lam was one of only six companies to win this award for 2022.

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In a truly unique and volatile supply chain

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representing the electronics manufacturing and design supply chain. In

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supply chain partners, chemical suppliers, and chemicals management systems to   
ensure Lam’s ongoing compliance and to adopt emerging green chemistry practices.  
We work with our engineers and designers to make decisions with the planet in   
mind. In 2022, we created a tool that engineers can use to assess the GHG emissions   
intensity of various recipes that are used to process the wafers. We plan to expand on   
this project in 2023 and share the insights we’ve gained across our organization.   
Managing air pollution  
Clean air is essential for human and environmental health, and we are committed   
to doing our part to reduce air pollution. As we work to reduce emissions, our teams   
have pilot programs in place to further integrate Lam’s tools with our customers’

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61 Cultivating a diverse supply chain  
62 Collaborating toward ESG progress  
55

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improving our supply chain performance over time.

===== reports | Lam Research | Lam-Research-2022-ESG-Report =====  
  
Our supply chain focus areas include climate action , human

===== reports | Lam Research | Lam-Research-2022-ESG-Report =====  
  
2022, we matured our supply chain management processes

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and grew our Supply Chain ESG team. We also surveyed

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Lam’s supply chain is extensive, so we employ

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comprehensive supply chain management

===== reports | Lam Research | Lam-Research-2022-ESG-Report =====  
  
across the globe. Our Supply Chain ESG team   
leads our direct supplier risk assessment   
efforts, with a focus on driving continuous   
improvements. Lam also has cross-functional

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supply chain teams that collaborate to share

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best practices around supplier engagement. Embedding ESG across our supply chain  
We manage and monitor ESG performance throughout our

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supply chain through a strategic framework built on five pillars:  
Transparency  
Responsibility  
GovernanceRisk Assessment   
and AuditTraining  
We believe it is vital that we prioritize innovation,

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competitiveness, collaboration, and supply chain security   
to maintain U.S. leadership in this critical global industry.”  
Tim Archer  
president and CEO of Lam

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Americas 48.7%Asia 45.2%Europe, Middle East & Africa 6.1%OUR SUPPLY CHAIN BY THE NUMBERS  
1,483 supplier families   
in over 25 countries support   
our global operations11   
of our top 100 suppliers   
have established SBTs17   
of our top 100 suppliers   
are RBA members  
We source minerals   
sourced from smelters in   
51 countriesOur diverse supplier spending totaled   
$123.3M   
in 20221  
269  
Lam employees completed human   
rights training in 2022  
INNOVATION SPOTLIGHT  
Leveraging plug-and-play technology to   
expedite direct material shipments

===== reports | Lam Research | Lam-Research-2022-ESG-Report =====  
  
Supply chain challenges in 2022 led to significant delivery delays for certain tools. As the team worked to address   
these challenges, one opportunity that was identified led to reduced delivery time for some shipments by more

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supply chain and in our global operations. Not only is this a   
compliance issue; it aligns with our Core Values of honesty,   
integrity, mutual respect, and mutual trust. We expect our   
suppliers and sites to comply with laws including—but not   
limited to—the U.K. Modern Slavery Act of 2015 and the   
California Transparency in Supply Chains Act of 2010.  
Lam published its first Human Rights Policy in 2022, which   
outlines our expectations to uphold internationally recognized   
human rights. This policy applies to all employees and we   
expect our suppliers, as well as our business and community   
partners, to adopt similar practices. The policy aligns with   
the RBA’s Code of Conduct and builds on expectations   
outlined in our GSCC. Additionally, our Global Employment   
Practices Statement declares our support of workers’ rights   
to freedom of association and collective bargaining, to the   
extent permitted under local laws. These documents are   
distributed via email, published on our intranet, and made   
publicly available on our website.  
Regular training is an important part of our human rights

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program. And in 2022, we had 269 global supply chain   
management employees complete human rights training.   
We also requested our top suppliers to complete RBA’s   
online human rights module.

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supply chain  
Inclusion and diversity are part of our Core Values at Lam,   
and we recognize the value that our relationships with   
diverse suppliers bring. During our supplier onboarding   
process, we implement measures to identify diverse   
suppliers, including minority-, women-, LGBTQ+-, and   
veteran-owned businesses, as well as businesses owned   
by people with disabilities. We also include diverse   
qualifications in our Supplier Scorecard and track and   
report spending with diverse direct material suppliers   
on a periodic basis. Our diverse supplier spend totaled   
$123.3 million in 2022.

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Our Supply Chain ESG team engages suppliers to understand their challenges,   
priorities, and needs. They also reach out with best practices and resources to help

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panel with Lam's supply chain leaders, a keynote speaker from our customer Intel,   
and a presentation from a key supplier, Celestica. The forum was a catalyst for   
relationship-building and prioritizing environmental initiatives.  
There’s a reason why open communication   
is one of Lam’s Core Values—we believe it   
translates to mutual success. This holds true   
for our approach to engaging suppliers to

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Supply Chain Policies  
Human Rights Policy  
Appendices

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to manage risks in our supply chain, including with respect to human rights; and the impacts of our social impact platform. Such statements are based on current expectations and are subject   
to risks, uncertainties, and changes in condition, significance, value and effect. Some factors that may affect these forward-looking statements include: trade regulations, export controls, trade

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industry and the overall economy may deteriorate or change; the actions of our customers and competitors may be inconsistent with our expectations; supply chain cost increases and other

===== reports | Lam Research | Lam-Research-2022-ESG-Report =====  
  
inflationary pressures have impacted and are expected to continue to impact our profitability; supply chain disruptions have limited and are expected to continue to limit our ability to meet

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
Fostering supply chain diversity 63 .....................................................................

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
supply chain. Achieve more than 90% compliance with our social and environmental expectations across our top suppliers.2Annual

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
2 Top suppliers are defined as the top 100 direct suppliers, who account for approximately 96% of related spend and 95-98% of supply chain emissions, with some variability year over year.

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Our ESG initiatives encompass many aspects of Lam’s business—from the way we manage our workforce and supply chain to how we develop new products. To ensure a focused approach, we’ve organized our ESG program around six pillars that reflect areas where Lam can make the most meaningful impact.

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
We also support the advancement of the UN’s Sustainable Development Goals (SDGs), which represent an international effort to tackle the world’s most pressing issues. As global citizens, we see the framework of the SDGs as another method of measuring Lam’s progress and ensuring our ESG initiatives serve the greater good. We aim to drive progress on the SDGs throughout Lam’s operations and supply chain, including through our workforce, our products, and our social impact platform. View the   
Key Data and Frameworks   
to learn how Lam is working to accelerate progress toward priority SDGs.

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Our current human rights management process is built on the RBA framework. It leverages our annual completion of self-assessment questionnaires (SAQs), together with participation in RBA's Validated Assessment Program (VAP) to drive continuous improvement. The SAQs cover labor, ethics, health and safety, environmental stewardship, and management systems. Leveraging third-party management systems allows us to monitor our operations and supply chain for potential human rights-related risks. In 2023, an internal cross-functional team completed SAQs for all Lam sites with significant manufacturing operations, each of which received a low-risk score. We also received a Platinum score on the RBA VAP closure audit at our Livermore, California, facility.  
If a risk is identified through our SAQ process, Lam has mitigation systems in place to document, track, and address those risks.  
Following the adoption of our Human Rights Policy in 2022, we reviewed our business and operational practices to identify opportunities to implement a human rights program. The assessment used existing human rights frameworks from the UN and RBA to assess human rights practices and policies across the majority of our manufacturing sites and at the corporate level. We identified the following activities as key areas of opportunity: increasing employee awareness of human rights issues, continuing to expand and deepen third-party due diligence, and establishing clear roles and responsibilities for human rights across the business. These will be areas of focus for our program management in 2024.  
THIRD-PARTY MANAGEMENT  
Our third-party management pillar focuses on due diligence, controls, and monitoring to identify and mitigate ethics and compliance risks created by Lam and outside parties, such as customers and suppliers. This work begins with screening, risk identification, and evaluation during the selection and onboarding process. It extends throughout the lifespan of our third-party engagements and includes providing support for our business teams and carrying out ongoing monitoring efforts such as risk-based reviews.

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
conducting due diligence in Lam's supply chain in

===== reports | Lam Research | Lam-Research-2023-ESG-Report =====  
  
• Engage in indirect political spending, including through its supply chain, consultants, or third-party political organizations such as 501(c)(4) entities or 527 groups, such as governors associations and super PACs.ENSURING REGULATORY COMPLIANCE  
Amid an evolving regulatory landscape, our GTGA group works to monitor emerging regulations and engage in policy discussions globally. In 2023, we focused on modernizing our compliance mechanisms to support these ongoing efforts, in line with our broader digital transformation initiative. We also continued our programs directed at compliance with export controls issued by the U.S. Department of Commerce's Bureau of Industry and Security on advanced semiconductor manufacturing equipment to the People's Republic of China.  
FORMALIZING THE LAMPAC  
The LAMPAC serves as a non-partisan federal political action committee for Lam employees and is dedicated to supporting federal candidates of all political ideologies who are committed to strengthening our nation's semiconductor ecosystem and fostering economic growth. To ensure proper administration of the LAMPAC and maintain compliance with state and federal regulatory requirements, only authorized GTGA personnel may be involved in the making of political contributions by the LAMPAC.  
The LAMPAC is registered with the Federal Election Commission (FEC) and subject to federal campaign finance laws, including those related to monitoring prohibitions and limitations on donations. Any donations to or from the LAMPAC will be publicly disclosed via the   
FEC’s website . Lam also   
employs external legal counsel to advise the LAMPAC regarding compliance with laws and regulations. In 2023, we established a PPAC comprised of senior executives to provide guidance to the LAMPAC. The PPAC also serves as a venue to consider Lam’s positions on major public policy issues.  
GLOBAL TRADE AND GOVERNMENT AFFAIRS (GTGA) FOCUS AREAS  
Business operations  
Export controls   
and trade policy Industrial policy  
Public policyComplying with   
global taxation  
Our approach to global   
taxation is to comply with   
applicable legal, regulatory, and   
internal control requirements.   
Visit our website   
to learn more.

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• Achieve absolute reduction in supply chain emissions (goal to be set)2050  
• Achieve net zero

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We also use our expertise to assess the effectiveness, availability, and environmental impacts of various chemicals that we use. As global chemical regulations evolve, we are proactively working with our supply chain partners, chemical suppliers, and chemical management systems to ensure Lam’s ongoing compliance and preparedness. One of the benefits of proactive chemical management is our ability to help prevent air pollution. In this regard, we are making progress by optimizing our processes and tools.   
In 2023, Global EHS developed a Refrigerant Management Technical Standard that requires the use of low-GWP (less than or equal to 150) refrigerants for new units containing 50 pounds or more of charge weight.Demonstrating our commitment

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• Coaching program for supply chain managers in MalaysiaDevelopment opportunities   
tailored to our peoples’ needs LEAD   
A program to   
help experienced managers take their leadership skills to the next level  
ELEVATE   
A new leadership   
development program   
focused on building   
and honing leadership   
skills and advancing   
diverse participants'   
professional goalsGROW   
A training program giving new managers skills needed to successfully move from individual contributor to people leader  
COACHING AT LAM   
A program to help new   
managers get off to a   
strong start. Coaching   
is also offered as an   
ad-hoc opportunity   
based on HR requestLEAP   
A technical training and certification program for new hires and Lam engineers  
MENTORING AT LAM   
A program that supports   
graduates, rising   
stars, future leaders,   
new managers, and   
employees assimilating   
into the company or a   
new role by pairing them   
with a trusted advisor   
and role modelILEARN   
An intelligent platform that provides tailored learning journeys for employee skill building and career development

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supply chain  
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Fostering supply chain diversity 632023 ESG Report 57 INTRODUCTION BUSINESS AND GOVERNANCE PRODUCT INNOVATION SUSTAINABLE OPERATIONS OUR WORKPLACE OUR COMMUNITIES APPENDIX RESPONSIBLE SUPPLY CHAIN

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BEHIND SCHEDULE IN PROGRESS ACHIEVEDResponsible supply chain  
We are purposefully maturing

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our due diligence and engagement approach to promote an ethical, just, and lower-carbon supply chain.   
RELEVANT SDGS2023 HIGHLIGHTS

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1 Top suppliers are defined as the top 100 direct suppliers, who account for approximately 96% of spend and 95-98% of supply chain emissions, with some variability year over year.

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Global supply chain operations have become increasingly

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complex, requiring companies to thoughtfully manage their suppliers. As Lam continues to expand its footprint, we are assessing our supply chain for risks that could impact our business. Our strategy centers on supplier engagement to build trust, further key business and ESG initiatives, and mitigate potential human rights risks. Lam’s capacity for these efforts is growing. In recent years, we’ve assembled a global team to mature and refine our supply chain ESG approach. The team is embracing new tools and technologies to enhance supplier engagement, data collection, and due diligence—helping us support suppliers’ efforts to enhance their corporate responsibility practices while reducing Lam’s supply chain risks and advancing our ESG goals.

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Our membership in the RBA is at the heart of these efforts. In 2023, we further leveraged RBA resources to assess human rights risks in our supply chain and support other focus areas. We also continued to support suppliers in setting science-based emissions-reduction targets while engaging and educating suppliers through webinars, newsletters, and other outreach initiatives.

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Embedding ESG in supply chain management

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ESG supply chain governance

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is overseen by our global supply chain management executive leadership and implemented by our Supply Chain ESG team with support from a global, cross-functional team.Our strategic framework

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enables us to manage supply chain ESG performance across five pillars:  
• Transparency  
• Responsibility  
• Training  
• Risk assessments  
• GovernanceOur focus areas help us   
hold ourselves and our suppliers accountable for conducting business responsibly and ethically in respect to:

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• Fostering supply chain diversitySETTING EXPECTATIONS AND PROMOTING PROGRESS  
We establish clear expectations at the beginning of the supplier lifecycle to set up both our company and our suppliers for success. Upon selection, we encourage suppliers to become RBA members and contractually require that suppliers adhere to the principles set forth in our   
Global   
Supplier Code of Conduct (GSCC). In 2023, we updated   
the GSCC to ensure close alignment with the RBA's Code   
of Conduct with reference to globally recognized bodies' guiding documents, such as the United Nations and the International Labor Organization. Throughout the supplier lifecycle, we continue to conduct due diligence using a risk-based approach, while working to facilitate ESG progress. Our expectations for our top direct suppliers include:

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Activities in our supply chain contribute to our Scope 3

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conditions in which they can expect to be treated with dignity and respect. Our dedication to supporting and protecting human rights encompasses our global operations, as well as our supply chain. This work aligns with our Core Values and helps us ensure compliance with Lam's   
GSCC and RBA ’s Code of Conduct. Lam’s global Human Rights   
Policy applies to all employees, and we expect our suppliers, as well as our business and community partners, to adopt similar practices. We also expect our suppliers and sites to comply with laws that include, but are not limited to, the U.K. Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010.

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risks within our supply chain. In 2023, we saw a 300% increase in the completion rate of our human rights training by expanding access for employees across our Global Supply Chain Management, E&C, Legal, and Global Trade teams. We also ask our top suppliers to complete RBA’s online human rights module, which helps them flag and appropriately respond to potential risks. Ethically sourcing   
raw materials  
The semiconductor industry uses various minerals, including   
conflict minerals such as tin, tantalum, tungsten, and gold. While Lam does not directly source these minerals, they are present in some items that we purchase from our suppliers. We conduct due diligence in accordance with recognized international standards to determine whether these conflict minerals were sourced from countries associated with conflict in the Democratic Republic of the Congo. Lam is a member of the   
RMI, a multi-stakeholder organization that   
helps addr ess human rights issues in the mining of conflict   
minerals and other minerals of concern. We leverage RMI’s Conflict Minerals Reporting Template (CMRT) for our conflict mineral filings disclosed to the U.S. Securities and Exchange Commission.94%  
response rate from our   
top direct suppliers to   
our conflict minerals   
survey in 2023  
Visit our website to learn more

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Fostering supply chain diversity  
Consistent with Lam's Core Values, we recognize the value that diverse suppliers bring to help   
us deliver on our core priorities and enrich our experience in the process. During our supplier onboarding process, we implement measures to identify diverse suppliers, including minority-, women-, LGBTQ+-, and veteran-owned businesses, as well as businesses owned by people with disabilities. We also include diverse qualifications in our Supplier Scorecard and track spending with diverse direct and indirect material suppliers on a periodic basis. We continue to encourage diverse suppliers to collaborate with Lam and hope to broaden our diverse supplier network in the coming years.   
In 2023, Micron president and CEO Sanjay Mehrotra presented the

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website .2023 SUPPLY CHAIN SNAPSHOT~1,500  
supplier families in 34 countries  
26%  
Suppliers with SBTs  
25

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Raw material due diligence ������������������������������������� 54

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and resilient supply chain, a world-class

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direct design choices and order-to-shelf supply chain   
and the practicable substitutes for replacement. See   
Replacing PFAS for more information.

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order -to-shelf supply chain and the practicable substitutes for replacement.  
The semiconductor industry relies on PFAS chemistries and materials for a wide variety   
of critical applications across the value chain. While Lam does not manufacture PFAS,

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disrupt our operations and supply chain. These include scarcity and quality issues,

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for our direct operations and supply chain to have impacts   
on biodiversity.  
To better understand our potential impacts, we conducted the company’s   
first high-level biodiversity assessment, which analyzed dependency and   
potential impact-related risks for our key manufacturing facilities, lab   
operations, and offices, as well as supplier locations. The assessment used   
a location-based approach, following the Locate, Evaluate, Assess, and

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sustainable supply chain that supports our business, as well as our values and social and environmental ambitions.RELEVANT SDGS:  
2024 HIGHLIGHTS  
Refined our supplier   
engagement and   
monitoring to focus on   
suppliers presenting bigger

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53 Human rights in the supply chain  
54 Raw material due diligence  
2024 GLOBAL IMPACT REPORT

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NOT STARTED IN PR OGRE SS ACHIEVEDComprehensive supply chain management  
With the continued growth of Lam’s   
business comes the continued   
growth and complexity of our

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supply chain, with evolving risks   
and opportunities. Thoughtfully   
engaging with our suppliers to   
build trust and collaboration helps   
us manage this complexity and   
capitalize on opportunities for   
continuous improvement.

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our overall supply chain management   
approach, supported by tools and   
technologies to enhance supplier   
engagement, education, data collection,   
and due diligence. Each year, Lam’s   
Supplier Day forum brings together Lam   
procurement professionals and suppliers

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to discuss overall supply chain issues. In 2024, the day focused on sustainability   
and its importance and benefits to   
suppliers, a reflection of the growing   
influence that the subject has on the   
industry and business generally.  
Despite the dynamic geopolitical and trade   
landscape around the world, Lam met our

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Our global supply chain executive leadership oversees responsible supply chain

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For Lam, effective supply chain management allows us to:  
• Lay the foundation for a productive supplier relationship.   
We communicate our expectations, collect data to inform our strategy, and foster   
collaboration and build momentum toward our respective goals.  
• Build capacity for progress.

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SUPPLY CHAIN MANAGEMENT  
Strategic pillars  
• Transparency  
• Responsibility  
• Training  
• Risk assessments  
• GovernanceFocus areas  
• Collaborating to advance

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human rights across the supply chain, as well as decarbonization.  
We believe showcasing excellence can spur progress across suppliers,

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enabling us to deliver a resilient, agile, and sustainable supply chain that   
accelerates innovation and overcomes challenges responsibly.  
2024 GLOBAL IMPACT REPORT

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Human rights in the supply chain  
Every individual deserves safe working   
conditions and to be treated with dignity and   
respect. We strive to support and protect   
human rights throughout our global operations,

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including within our supply chain. This work   
aligns with our Core Values, our GSCC, and   
our Human Rights Policy, and it supports our   
commitments to our customers.  
Lam’s global Human Rights Policy applies to all employees.   
Our GSCC reflects the policy’s principles, and we expect   
our suppliers, as well as our business and community   
partners, to adhere to them. We also expect our suppliers   
and their sites to comply with laws that include, but are   
not limited to, the U.K. Modern Slavery Act of 2015 and the   
California Transparency in Supply Chains Act of 2010.  
Our human rights management process is informed by the   
RBA, making use of suppliers’ SAQs and their participation   
in the VAP audits to drive continuous improvement. In   
addition to helping us check compliance with our GSCC   
and the RBA COC, SAQs and review of VAPs ensure our   
suppliers are mitigating potential human rights risks. The   
management process also helps us meet our customers’

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expectations for supply chain human rights.Training is essential to help our teams and suppliers   
understand the importance of managing and monitoring

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potential human rights risks within our supply chain.   
For employees, we host human rights training on our   
internal employee development platform . This training   
includes modules on forced labor that we require certain

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employees to take. In 2024, over 800 supply chain team   
members completed human rights training.We ask our top suppliers to complete RBA’s online human   
rights module, which helps them identify and appropriately   
respond to potential risks.  
In support of our growth in Malaysia, in 2024 Lam conducted   
supplier training on the nuances of doing business in the   
region and included specifics on potential human rights risks.

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RBA smelter audit and to cascade this message through their sub-tier supply chain. In   
2024, we continued to use the RMI’s Extended Minerals Reporting Template to collect   
data on smelters where the potential for environmental and human rights risks may exist.

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the SDGs through our operations and supply chain, including through our workforce, our products, and our social impact platform. See Key data and frameworks to learn how Lam   
is working to accelerate progress toward the SDGs relevant to our efforts.

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our supply chain, including how we expanded coverage of   
our direct and logistics supplier due diligence efforts, see

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our supply chain, consultants, or third-party political   
organizations such as 501(c)(4) entities or 527 groups,   
such as governors associations and super political   
action committees.GTGA FOCUS AREAS  
In 2024, the GTGA group focused on:  
Business and trade enablement  
Industrial base policy  
Export controls and trade policy  
Public policy  
Tax policy

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a sustainable supply chain; our aim to continue to embed sustainability into our overall supply chain management; our ability to manage and mitigate risks in our operations, supply

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Sustainable Development Goals throughout our operations and supply chain; our efforts in exemplifying our Core Values; our ability to safeguard intellectual property, data, and business   
contact information and ongoing training efforts; our ethics and compliance initiatives; our efforts in ensuring the protection, safety, and dignity of our employees through our Human   
Rights Policy; and our compliance with legal, regulatory, and internal control requirements with respect to taxation� Such statements are based on current expectations and are subject to   
risks, uncertainties, and changes in condition, significance, value, and effect� Some factors that may affect these forward-looking statements include: trade regulations and tariffs, export

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semiconductor industry, and the overall economy may deteriorate or change; the actions of our customers and competitors may be inconsistent with our expectations; supply chain cost

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increases and other inflationary pressures have impacted and may continue to impact our profitability; supply chain disruptions or manufacturing capacity constraints may limit our ability