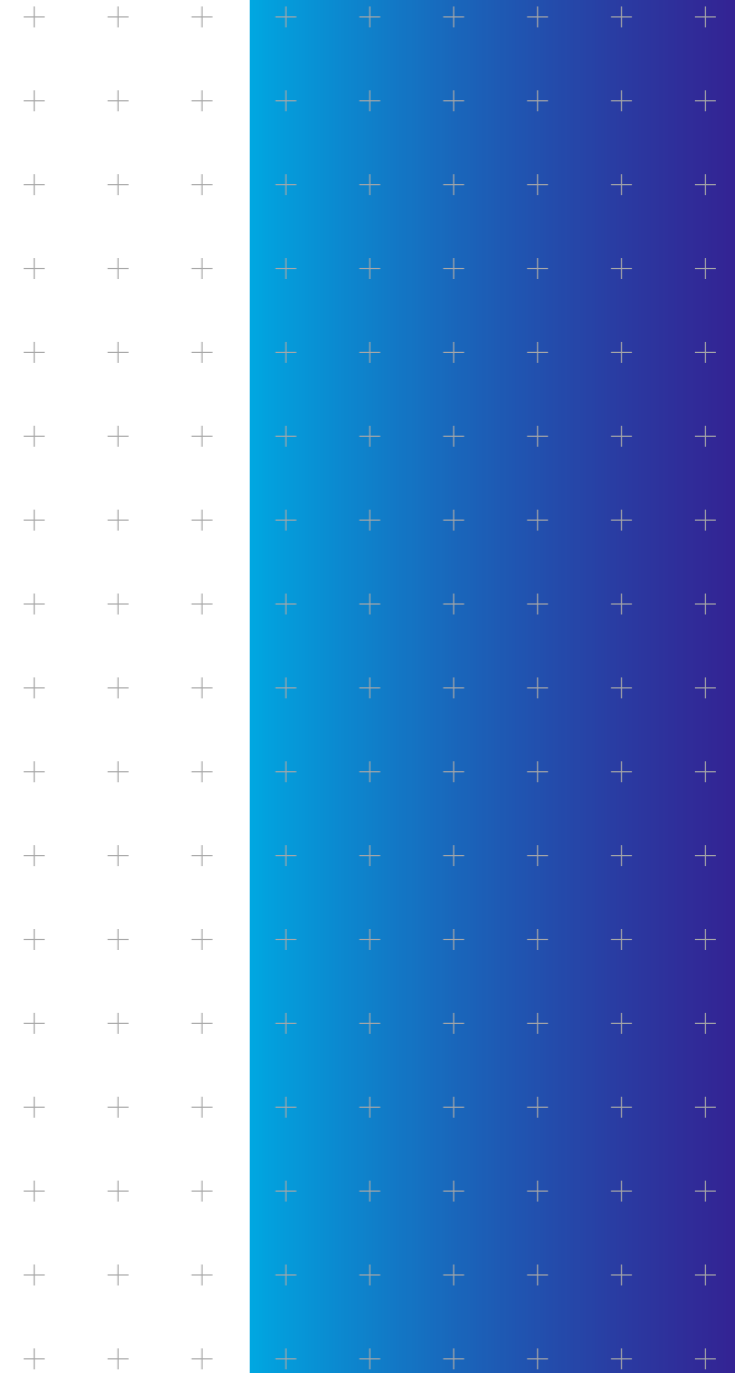




# Global Impact Report

## 2022



# CEO Message

KLA is built on a foundation of innovative spirit and perseverance – traits we believe are essential to solving tough challenges. Our high-performance teams tackle difficult problems with the belief that our collective creativity and intellect will deliver on our customers’ goals. This past year was no exception, and despite a series of global challenges in the second half of 2022, we advanced our Environmental, Social and Governance (ESG) goals, with a sustained focus on progress, people and partnerships.

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### Progress

In this report, we are announcing that we are submitting our climate goals to the Science Based Target Initiative (SBTi) including a quantifiable Scope 3 reduction target alongside our existing Scope 1 and Scope 2 emissions goals. We are also announcing new engagements with our suppliers to report their emissions and set their own goals. To date, we have demonstrated meaningful progress against our existing climate goals to use 100% renewable electricity by 2030 across our global operations, reduce our Scope 1 and 2 emissions by 50% by 2030 from a 2021 baseline and to achieve net zero Scope 1 and 2 emissions by 2050. In addition, we achieved limited third-party verification of our GHG inventory, Scopes 1, 2 and 3.

### People

Following our commitment to expand the diversity of our workforce, we launched our Inclusion for All campaign, designed to encourage engagement in KLA’s inclusion and diversity efforts and illustrate how even small actions can have large impacts. Our Employee Resource Groups (ERGs) have continued to expand both in scope and reach. Our collective effort has again garnered outside attention, with KLA being named to Forbes “World’s Top Female-Friendly

Companies 2022” and Fortune’s “World’s Most Admired Companies” lists among other recognitions. Our investment in employee training and development remains strong, which drives a culture of continuous learning and provides growth and internal promotional opportunities.

Outside, we continue investing in our communities through the KLA Foundation. In 2022, the Foundation delivered 209 grants across 13 regions, and in addition, launched the KLA Education Equity Fund in 2023 with the goal of improving the balance of educational opportunities for underrepresented students.

### Partnership

In 2022, we created a supplier engagement plan to collaborate with select supply chain partners around GHG emissions and help them develop their own GHG emissions reduction goals. And we joined the Semiconductor Climate Consortium as a founding member, leveraging the power of the ecosystem to accelerate the pace and scale of positive change.

While many in the industry — including KLA — had to navigate a number of complex global challenges in 2022, we never reduced our focus or commitment to the principles and goals we’ve set. I am proud of what our teams achieved this year and I remain optimistic and energized about the impacts of our collective efforts.




**Rick Wallace**  
President and  
Chief Executive Officer

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# About this Report

This report outlines the most significant environmental, social and governance (ESG) activities and impacts for KLA Corporation (KLA). We aim to provide transparency into how we manage and measure progress against our ESG goals and stakeholder expectations.

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This report content was guided by our ESG materiality assessment, refreshed in late 2022, which identified topics that are important to both our stakeholders and the sustainable growth of our business. When preparing this report, we considered recommended disclosures from the [Global Reporting Initiative \(GRI\)](#), [Sustainability Accounting Standards Board \(SASB\)](#) standard for the semiconductor industry and the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#). See the [Appendix](#) for more information.

Our Scope 1, 2 and 3 greenhouse gas (GHG) data are subject to third-party verification to a limited level of assurance and our water and waste data undergo both internal review and external audits as part of our ISO 14001 Environmental Management System. Currently, this auditing process covers four of our manufacturing facilities: Milpitas, California; Newport, Wales; Migdal HaEmek, Israel; and Serangoon, Singapore. However, we plan to expand the auditing process as part of our strategy to implement a global EHS management system and expand ISO 14001 certification to additional locations over the next two years. Some data throughout this report have been rounded. Monetary figures are in United States dollars (USD). Unless otherwise noted, the data in this report covers KLA's global operations for calendar year 2022. Whenever we make full year references, they are for calendar years.

KLA's Keep Looking Ahead™ vision reflects our optimistic view of the positive impact technology can have on the world. We recognize that, while we are proud to highlight and celebrate our 2022 ESG achievements, we need to challenge ourselves and affirm our commitment to ongoing progress. That's why we have included Keep Looking Ahead sections throughout the report to provide an overview of what's on the horizon in 2023 and beyond.

For more information about this report or our ESG initiatives, please contact [ESG@kla.com](mailto:ESG@kla.com).

# About KLA

KLA Corporation (KLA) develops industry-leading equipment and services that enable innovation throughout the electronics industry. We are proud to be part of some of the most significant technological breakthroughs. Virtually no laptop, smartphone, wearable device, voice-controlled gadget, flexible screen, VR device or smart car would have made it into your lives without us.

We provide advanced process control and process-enabling solutions for manufacturing wafers and reticles, integrated circuits (IC or chip), packaging, printed circuit boards and flat panel displays. In close collaboration with leading customers across the globe, our expert teams of physicists, engineers, data scientists and problem-solvers design solutions that advance humanity by transforming our world, improving quality of life and well-being and powering eco-friendly technologies that are crucial to achieving a low-carbon economy in the future.

Our comprehensive portfolio of inspection and metrology products and related service, software and other offerings, helps IC manufacturers improve yield and efficiency throughout the entire semiconductor fabrication process — from research and development to final volume production. These comprehensive solutions are designed to help our customers accelerate their development and production ramp cycles. They achieve higher and more stable semiconductor die yields and improve their overall profitability. As a result, KLA's products and services are used by the vast majority of bare wafer, IC, lithography, reticle and disk manufacturers around the world.

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## BUSINESS SNAPSHOT<sup>1</sup>

**18**

regions

**>15,000**

employees

**\$1.2B**

invested in R&D in calendar year 2022, an increase of 23% over 2021

**\$10.5B**

calendar year 2022 revenue, an increase of \$2.3 billion over 2021

**KLAC**  
Nasdaq

<sup>1</sup>As of December 31, 2022.

# Stakeholder Engagement & Collaboration

KLA aims to proactively manage and address the most important ESG topics for our stakeholders. To do this, we regularly align with a diverse set of stakeholders to evaluate the relevance of ESG issues, identify areas for improvement and communicate our progress. We also collaborate with industry partners to advance solutions and standards.

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### Industry Peers & Partners:

KLA is a member of the [SEMI Sustainability Initiative](#) that connects companies across the microelectronics ecosystem to discover unique solutions to core issues in ESG. In 2022, KLA became a founding member of the [Semiconductor Climate Consortium](#), the first global collaborative focused on addressing climate-related challenges and reducing GHG emissions across the semiconductor value chain in accordance with the [Paris Agreement](#). In 2022, we also increased collaboration with our peers around inclusion and diversity by committing to the [CEO Action for Diversity & Inclusion™](#) pledge and joining the [Alliance for Global Inclusion](#) — two business-led coalitions committed to creating a more inclusive workplace culture.

### Customers:

We recognize the opportunity for KLA's products to assist our customers in reducing their environmental footprint. In 2022, we began developing a product energy efficiency strategy which aims to reduce our customers' environmental impact and help them meet their goals.

### Suppliers:

We engage our suppliers on ESG topics through several avenues, including our annual engagement of key direct suppliers using the Responsible Business Alliance's (RBA) Facility Supplier Assessment Questionnaire (SAQ) to gather information regarding social, environmental and ethical 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 advancing innovative solutions to environmental and social challenges and their perspectives are critical to our success. To support them, we offer employee wellness programs, training and development programs and Employee Resource

Groups that build and foster inclusion across our diverse workforce. We share ongoing communications through our internal Connections communications channel and our public [KLA Advance](#) blog to keep our employees informed and engaged. In addition, we run awareness campaigns throughout the year, including our annual Earth Day celebrations and our Inclusion for All campaign, to further support and promote our employees' values and goals.

### Communities:

We engage with and support our local communities through the [KLA Foundation](#). The Foundation was established to work toward a more equitable, inclusive and accessible world by strategically partnering with organizations that serve the communities where we live and work. The Foundation's work focuses on three strategic pillars: Education, Wellness and Community Enrichment.

By working together with our customers, peers, partners and suppliers, we have integrated ESG considerations into many business practices and 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.

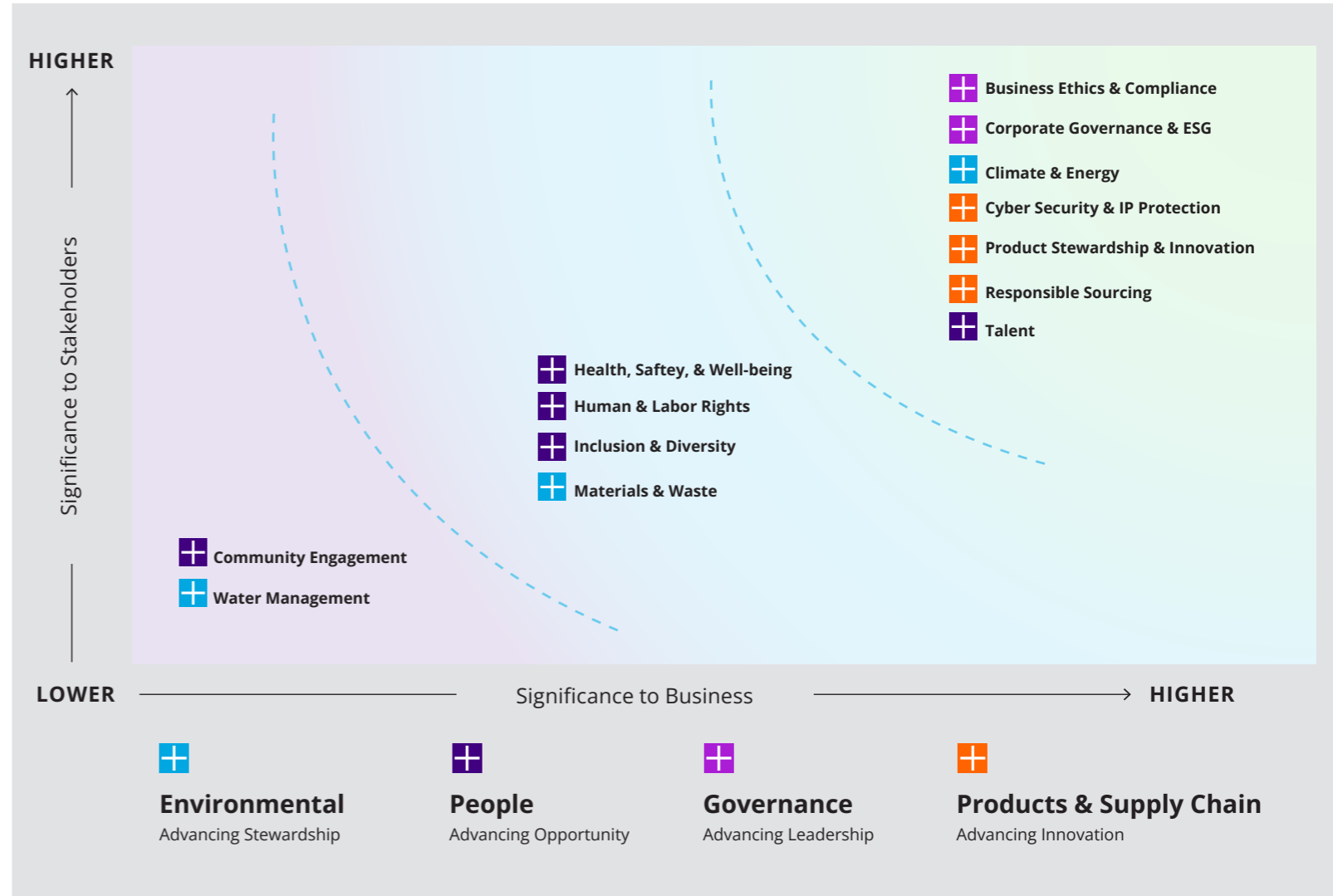
# ESG Materiality Assessment

One way we engage our stakeholders on ESG topics is through our ESG materiality assessment. We conducted our first materiality assessment in 2019, in collaboration with a third-party consultant, to identify and prioritize our ESG activities. Each year since then, we have refreshed our assessment to inform our corporate strategy and ESG reporting, guided by the Global Reporting Initiative (GRI) Reporting Principles.

In 2022, using a definition of materiality informed by GRI, we identified and assessed priority topics across the value chain that are most significant to our stakeholders, most relevant to our business and align with our purpose to advance humanity through the power of technology. We evaluated the relative importance of topics that were identified through a review of industry trends, ESG best practices and standards, annual enterprise risk assessment results and benchmarking of peers and industry leaders. The assessment considered both inherent risks and opportunities for KLA's business, as well as stakeholder expectations.

The results of the assessment were reviewed by our ESG Steering Committee and informed updates to KLA's ESG Strategy. We will continue to assess our strategy going forward and refresh it regularly to help us continue doing the right thing for our planet, communities and stakeholders.

The following topics have been identified as important to stakeholders and significant to our business, with some changes since our 2021 Global Impact Report:



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# Our ESG Strategy & Progress

We take a holistic approach to advancing ESG practices across our business, industry and products and services. Our ESG strategy is built around four pillars: Advancing Opportunity, Advancing Innovation, Advancing Stewardship and Advancing Leadership. Within each of these pillars, our strategic focus areas and objectives help drive our progress and integrate ESG within our operations and value chain. To maximize the impact of our efforts, we prioritize investments in activities and initiatives that align with these strategic focus areas. Below we have outlined how our ESG strategy aligns with the [United Nations Sustainable Development Goals \(UN SDGs\)](#) and helps contribute to a more sustainable future for all by 2030.

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<h3>Advancing Opportunity</h3> <p>Work toward creating a world where everyone can reach their full potential</p> <p>OUR FOCUS AREAS</p>	<h3>Advancing Innovation</h3> <p>Invest in R&amp;D, foster collaborative teams and promote a passion for excellence</p> <p>OUR FOCUS AREAS</p>	<h3>Advancing Stewardship</h3> <p>Advance environmental stewardship and shape a more sustainable future</p> <p>OUR FOCUS AREAS</p>	<h3>Advancing Leadership</h3> <p>Empower our leaders by infusing our foundational values into everything we do</p> <p>OUR FOCUS AREAS</p>
<p><b>Talent</b></p> <p><b>Inclusion &amp; Diversity</b></p> <p><b>Health Safety &amp; Well-Being</b></p> <p><b>Community Engagement</b></p>	<p><b>Product &amp; Service Innovation</b></p> <p><b>IP Protection</b></p> <p><b>Cyber Security</b></p> <p><b>Responsible Sourcing</b></p>	<p><b>Climate &amp; Energy</b></p> <p><b>Materials &amp; Waste</b></p> <p><b>Water Management</b></p>	<p><b>Corporate Governance &amp; ESG</b></p> <p><b>Business Ethics &amp; Compliance</b></p>



# The KLA Operating Model

KLA's commitment to Advancing Humanity is deeply rooted in our [shared values](#) that guide us in addressing complex technological issues. We believe that by staying true to our values, we can in turn advance humanity and sustainability through innovation, stewardship, opportunity and leadership.

FOCUSED ON DRIVING SUSTAINABLE  
PROFITABILITY AND GROWTH



## Perseverance

We don't give up. We persist in developing solutions to the industry's most challenging problems. We believe that if a problem is really hard, we can solve it — we must.



## Drive to Be Better

No matter how well we've done things in the past, there's always room for improvement. We keep driving innovation to advance the industry and enable the next generation of technology. There is always more to learn.



## High-Performance Teams

We rely on each other to solve hard problems that can't be answered by one person. Our multidisciplinary and multicultural teams offer new ideas and viewpoints to innovate and drive differentiation.



## Honest, Forthright and Consistent

We believe in respectful, honest and transparent dialogue to address challenges and solve issues. We believe that honest conversations enable better outcomes.



## Indispensable for Customers

We provide our customers with unique and differentiated capabilities, products and services. Our success is based on making unique systems that solve unique problems, making us indispensable to our customers' success.

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Decreased scopes 1 & 2 emissions by 7% and increased renewable energy consumption by 3%. These achievements keep us on track to meet our Scope 1 and 2 emissions goals, which were guided by SBTi's standards and recommendations and are being submitted for validation by SBTi, along with a Scope 3 goal. Expanded team to include a new ESG Product Lead to support the continued development of our product sustainability strategy.



Developed a supplier engagement strategy to engage suppliers representing highest impact emissions on setting climate-related targets.



Launched our Inclusion for All campaign to demonstrate our commitment to an inclusive workplace where differences are valued and everyone can experience a sense of belonging.



Signed [CEO Action for Diversity & Inclusion™](#) pledge and joined [Alliance for Global Inclusion](#) to demonstrate our commitment to inclusion and diversity and accelerate the adoption of inclusive business practices.



\$6.8 million invested via the KLA Foundation through 209 grants across 13 regions (\$4.9M) and matching employee donations (\$1.9M)

# Awards & Recognition

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Forbes  
"World's Best Employers"  
for 2022



Forbes  
"World's Top Female-Friendly Companies"  
for 2022



Sustainalytics' "2023 Top-Rated ESG Companies" list for the semiconductor industry (based on 2022 performance)



Training Magazine's "Top 10 Hall of Fame" member for 16 consecutive years



Fortune Magazine  
"World's Most Admired Companies"



Named to Fortune 500 ranking for second year in a row



Improved CDP Climate score to B



Among "Best Companies for Diversity and inclusion Initiatives," according to Purpose Jobs



Our Wales site received the "Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety President's Award," marking its 10th consecutive Gold Award



Awarded a "Certificate of Recognition for Corporate and Societal Excellence" by the American Chamber of Commerce



Our Singapore site was ranked as one of "Singapore's Best Employers in 2022" by The Straits Times

Received a Supplier Appreciation Award in the "Excellence" category from our customer SilTerra to acknowledge our dedication and support throughout the years.

Our Taiwan site received several customer appreciation awards from TSMC, Nanya and Winbond

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We believe employee satisfaction and fulfillment is essential to our success. We are committed to investing in our people to ensure they have the necessary skills, resources and support to excel in their roles. We achieve this through exceptional professional development programs, an inclusive and diverse workplace that promotes teamwork and innovation, comprehensive health and safety standards and opportunities to give back to our communities.

We work hard to foster an environment where everyone feels included, safe, healthy and empowered to do their best work. Together, we embody our responsibility to create a lasting, positive impact on the communities where we live and work.



# Talent

We believe every individual at KLA can be a powerful contributor to our mission to advance humanity. To invest in our future, we invest in our employees' personal and professional growth and work with them to define long-term career paths. When our employees are engaged and motivated, they are better able to bring their best ideas to the table, collaborate effectively with others and drive meaningful results. We are committed to fostering a culture of continuous learning and development that empowers our employees to reach their full potential.

We recognize that talent development is not a one-size-fits-all approach. Different individuals have different learning styles, goals and aspirations. We offer a range of comprehensive training offerings, employee engagement programs and wellness activities that support a healthy work-life balance. We also encourage our employees to take ownership of their development by setting goals, seeking feedback and exploring new challenges and opportunities.

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TALENT PERFORMANCE

2021	2022
<b>Total new employee hires</b>	
<b>2,962</b>	<b>&gt;3,700</b>
<b>Response rate in annual Employee Engagement Survey</b>	
<b>85%</b>	<b>83%</b>
<b>Average training hours per FTE</b>	
<b>32.8</b>	<b>44.3</b>
<b>Total voluntary employee turnover rate</b>	
<b>7.0%</b>	<b>6.7%</b>



# Employee Learning & Development

We offer opportunities for employees to engage in training, learning and career development throughout the year. Our Corporate Learning Center (CLC) offers extensive best-in-industry training programs available to every employee. We are especially proud of our award-winning training programs at KLA, which have earned us a spot on Training Magazine’s “Top 10 Hall of Fame” for 16 consecutive years. In 2022, our full-time equivalent employees completed an average of 44.3 hours of training (a 35% increase compared to 2021) at 500 unique CLC learning events offered across the globe. In addition, more than 1,400 employees from acquired companies attended CLC training events in 2022 to learn about KLA values, culture, competencies and operating systems.

In 2022, more than 99% of our employees received performance reviews through our comprehensive Performance Management Program. The program facilitates self-assessments, management and skip-level reviews and open conversations about career development, which individuals participate in at least once a year. Additionally, the program provides opportunities to receive feedback from peers and other stakeholders.

We also support employees who aim to advance their careers through external learning opportunities. Through partnerships with Stanford University and the University of Michigan, and with tuition reimbursement from KLA, employees can pursue advanced degrees in engineering that are tailored to the skills and competencies required to support KLA customers.

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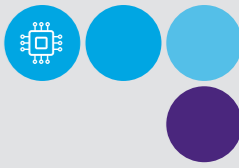
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## KLA+ Insights

### Program for New Employees

We proudly welcomed more than 3,700 new employees in 2022. Of those new employees, approximately 50% were hired in the APAC region, 28% in the USA and 21% in the EMEA region.

We encourage all new employees to attend our KLA INSIGHTS program, designed to help them learn about KLA’s values, our operating model and the importance of our technology. In 2022, approximately 1,000 employees around the world attended our two-day INSIGHTS program. The event included conversations with KLA’s President and Chief Executive Officer, live Q&A sessions and personal stories and insights from other employees on what makes KLA a great place to work.



# Investing in Our Future Leaders

Our Enterprise Leadership Program (ELP) is a fully immersive, two-year management training program geared toward helping our employees prepare for and succeed in leadership roles. In 2022, 68 leaders participated in the program, taking an important step toward further success in their career path.

Our 79% internal rate of promotion at the VP level is a testament to our efforts in promoting internal mobility. We provide employees access to internal job opportunities and career matrices are available for select career tracks that outline the required certifications for advancement. Our KLA Connection intranet helps facilitate internal connections and career growth opportunities. By offering clear paths for advancement, we encourage our employees to stay with us for the long term, while also fostering a culture of continuous learning and innovation.

In addition, The IMpower and LEAD programs through [WOMEN Unlimited](#) aim to prepare participants to contribute to corporate goals and objectives. Organizations, including KLA, can select two to five women to participate in the 6–12-month programs. At KLA, the HR Business Partners work with managers across the business to identify high-potential women to nominate for the program. Eligible employees are typically in mid to senior level roles. Through once-a-month sessions, participants of IMpower and LEAD receive training on managing their careers, relationship building and networking, strategic development, increasing business impact and building confidence. The business benefits associated with these programs include increasing career development opportunities for women and building KLA’s ability to fill job openings from within the company.

**“The unique feature about KLA is the team environment; with its special mix of diverse people, a trusting culture and supportive leaders. We have a caring community dedicated to collaboration and development.”**

*— Orit Harosh Eliyahou,  
Configuration and Master Scheduler  
and Shipping Director*

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# Employee Engagement

To promote employee engagement, we offer a range of programs and initiatives including regular employee feedback mechanisms, leadership development programs, training and career development initiatives and wellness programs. We encourage our employees to openly share their ideas, suggestions and feedback. We also offer our employees opportunities to give back to their communities through volunteering and charitable giving programs.

We measure employee engagement through our annual Employee Engagement Survey that gathers insights into the experience and needs of our workforce, along with additional surveys that measure our Employee Net Promoter Score (eNPS). In response to employee feedback, we launched a new initiative in 2022 that focuses on improving global manager communications and provides individuals and teams with coaching. As part of the initiative, we also implemented a training program called “Engaging with Engagement.” These efforts helped our eNPS achieve an 11-point overall increase.

## Talent-Focused Awards and Accolades



Fortune Magazine  
“World’s Most Admired  
Companies”



Training Magazine’s  
“Top 10 Hall of Fame” member for  
16 consecutive years



Forbes  
“World’s Best Employers”  
for 2022



Forbes  
“World’s Top Female-Friendly  
Companies” for 2022

## ANNUAL EMPLOYEE ENGAGEMENT SURVEY RESULTS

**7.9/10**

overall engagement score,  
classified as “Good”

**83%**

response rate

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# Inclusion & Diversity

At KLA, Inclusion & Diversity (I&D) is an expression of our core values. We are invested in becoming a more globally diverse and consciously inclusive organization. In 2022, we launched our [Inclusion for All](#) campaign to help engage employees in KLA's inclusion efforts. Inclusion for All aims to promote a shared sense of belonging, celebrates diverse perspectives and encourages collaboration to achieve our full potential. This campaign shows us how we can engage in I&D efforts — even small actions can have a significant impact.

In 2022, as part of our Inclusion for All campaign, we strengthened our I&D trainings to promote inclusive behavior. We conducted over 20 employee training sessions focused on inclusive leadership, identity and belonging and unconscious bias and increased our reach globally.

As part of our commitment to I&D in 2022, KLA signed the [CEO Action for Diversity & Inclusion™](#) pledge. This pledge, led by more than 2,400 CEOs, is now the largest business-led initiative to advance Diversity, Equity and Inclusion (DEI) in the workplace and emphasizes creating more inclusive cultures. Additionally, we joined the [Alliance for Global Inclusion](#), a coalition of companies with a mission to accelerate the adoption of inclusive business practices across industries through transparency and collaboration.

Our dedication to increasing diversity and having a culture of inclusion is reflected in KLA's ranking by Purpose Jobs as among the best companies for its [I&D initiatives](#).

**“In our drive to be better, we commit to creating a more diverse and inclusive workforce, year-over-year. We do this because, like society, KLA benefits when we work with diverse teams to harness varying perspectives and talents to further humanity. We aim to increase representation of women across our global workforce, including in technical roles and our leadership pipeline and increase the percentage of new hires from underrepresented groups.”**

*— Rick Wallace,  
President and Chief Executive Officer*

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# Breaking Down Barriers for a More Diverse Workforce

KLA works to mitigate unconscious bias as a barrier to creating a more diverse pipeline of qualified candidates. To support this effort, KLA managers use an augmented writing software tool to more easily write job posts and other communications while reducing the risk of potentially biased language and appealing to a broader range of candidates. In 2022, we saw the average score of job descriptions written by managers increase to 91 (recommended score is above 90), setting a more bias-neutral and inclusive tone.

To further strengthen our recruitment efforts for candidates from a variety of backgrounds, we provided training on inclusive hiring practices such as how to diversify interview panels and conduct structured interviews. To increase our outreach, we participated in various diversity-focused conferences and job fairs throughout the year. These included events with organizations such as the Society of Women Engineers, Lesbians Who Tech, National Society of Black Engineers, Society of Hispanic Professional Engineers, Anita B.org, Grace Hopper, COMPES, as well as events with multiple university campus partners.

“I’ve found that everyone is thoughtful. And my opinions are valued, even as a new employee. Cultivating this deep respect for each other benefits our team, KLA and our customers.”

— Youjung Seo,  
AI Support Engineer, KLA Korea

“KLA encourages different cultural backgrounds to represent themselves. All events celebrating our heritage are led and run by employees who collaborate and agree on important themes and what to share with the rest of the internal population, so our Lunar New Year celebration was as grassroots as you can get.”

— Keer Wu, Learning and  
Development (L&D) Specialist

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# Expanding Employee Resource Groups

Our Employee Resource Groups (ERGs) are voluntary groups of employees who share a common interest in advancing KLA's I&D objectives. ERGs provide a platform for employees to collaborate, share ideas and raise awareness on important issues, enhancing our understanding of what is needed for a more inclusive and diverse future.

## 2022 ERG Accomplishments

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**WISE**  
Women In STEM Empowered (WISE) is a voluntary, employee-led group supporting women at KLA while fostering an inclusive environment for all. Under the International Women's Day theme of 2022 #BreakTheBias, WISE **organized and promoted a discussion series** for all employees communicating the benefits of gender diversity and equality in the workplace. The group works to promote gender equity and inclusivity within STEM fields, highlighted in the blog series, **Celebrating Women in Engineering**. In addition, WISE facilitates mentor programs globally and hosts a series of discussions to support career growth and development.

U.S.-Wide / Europe /  
India / Israel



**Konexión**  
Konexión fosters an inclusive community, where employees interact and innovate through cultural sharing and an appreciation for the diversity of the Latinx community. In 2022, Konexión **celebrated Hispanic Heritage Month** by holding virtual events to expand employees' knowledge and celebrate its diverse culture and historical contributions. Additionally, Konexión and the KLA Foundation partnered with the Hispanic Foundation of Silicon Valley to support STEM education programs for Latinx students.

U.S.-Wide



**BELIEVE**  
Black Employees Leading Inclusion, Excellence, Values and Education (BELIEVE) advances KLA's inclusion and diversity goals by providing support, recruitment and advancement opportunities for Black talent. BELIEVE also promotes cultural awareness, understanding and allyship with the Black community. BELIEVE teamed up with KLA Foundation to help **kids embrace reading and literacy** and in February 2022, this group encouraged company-wide celebrations of **Black History Month**.

U.S.-Wide

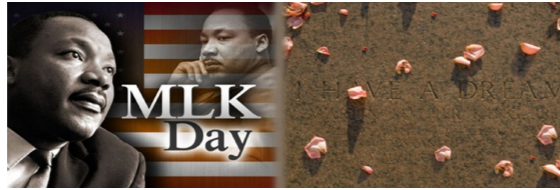


**PRISM**  
Where Pride, Respect, Inclusion and Solidarity Meet (PRISM) promotes a safe and supportive working environment for the LGBTQ+ community and its allies. PRISM launched globally during Pride Month, June 2022. With the launch of PRISM, a steering committee started working to build membership and awareness through discussion forums and related events. The group has increased outreach in the talent pipeline and through engagement opportunities.

All locations

# Cultural Heritage Celebrations

KLA recognizes the significance of cultural holidays and events in promoting inclusion and diversity. In 2022, we celebrated many different U.S. and global culture and heritage events, including:



MLK Day



Lunar New year



Black History Month



Hispanic Heritage Month



International Women's Day  
Women's History Month



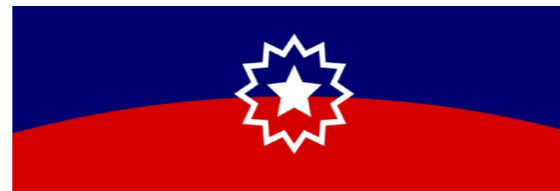
Cinco de Mayo



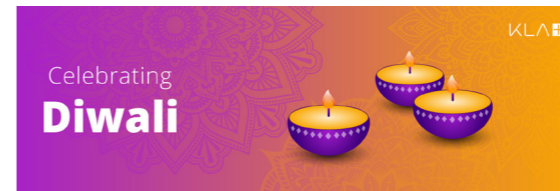
Asian American and Pacific Islander  
(AAPI) Heritage Month



Pride Month



Juneteenth



Diwali

Through these celebrations, KLA employees learn about different traditions, cultural norms and the experiences of colleagues who belong to different cultures. Celebrations can take many forms, such as [Diwali](#), where employees learned about Indian cuisine and customs, or [AAPI Heritage month](#), where employees heard KLA board member Emiko Higashi talk about her experiences as a Japanese citizen living in the United States for nearly four decades.

# KLA Named as a Top Female-Friendly Company



We are proud to have ranked 38th out of 400 companies on the Forbes “World’s Top Female-Friendly Companies 2022” list.

To standardize the ranking of companies as female-friendly, 85,000 women at multinational institutions were surveyed to rate their employers on gender equality in career advancement opportunities, parental leave and other gender-related topics. Survey participants also evaluated other stand-out industry-related companies as champions of female professionals.

In 2022, we experienced an increase in women serving in both leadership and technology roles when compared to 2021:

**+2%**

point increase of global women in leadership roles (Directors and above)

**+2%**

point increase of U.S. women in leadership roles (Directors and above)

**+1%**

point increase of global women in technology roles

**+1%**

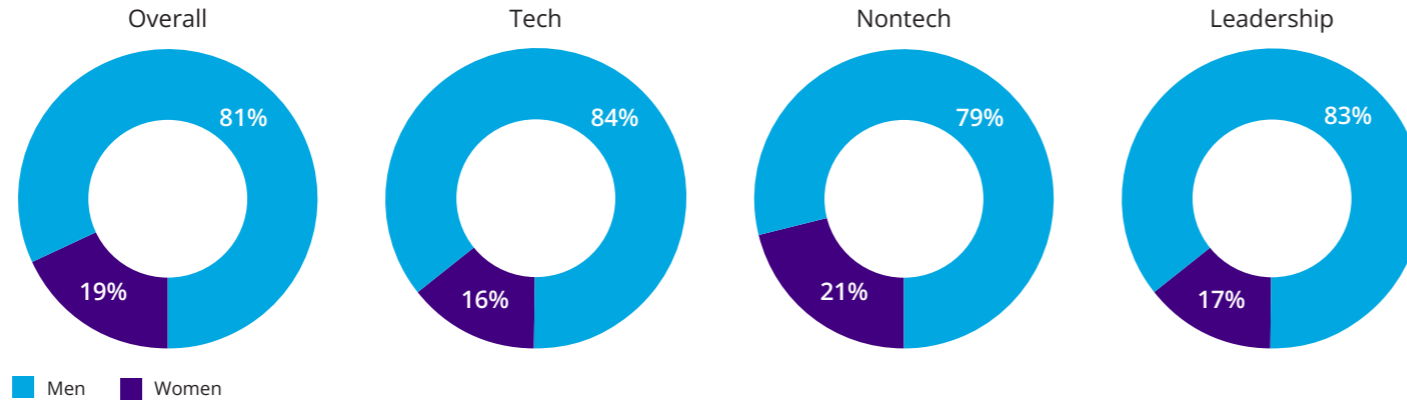
point increase of U.S. women in technology roles

“At KLA, we are committed to fostering a culture of inclusion and workplace diversity. We work hard to attract, retain and celebrate our talent at all levels and invest in our existing talent to increase representation in leadership across the company.”

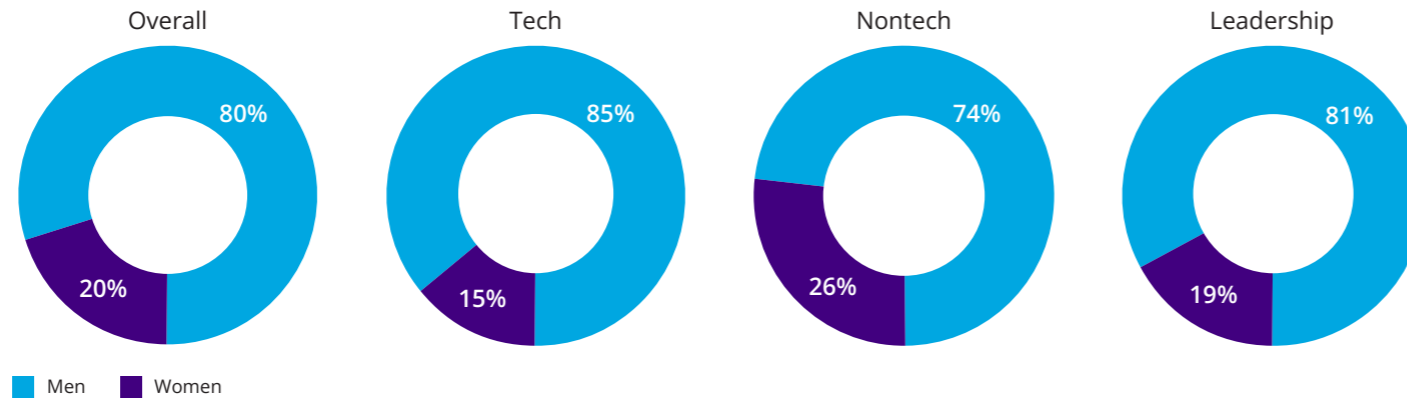
— Sandra Mahadwar,  
Chief I&D Officer and Senior VP of Talent Management

# 2022 Global Employee Diversity

Global Gender Diversity\* | 30% of the KLA Board of Directors were female\*

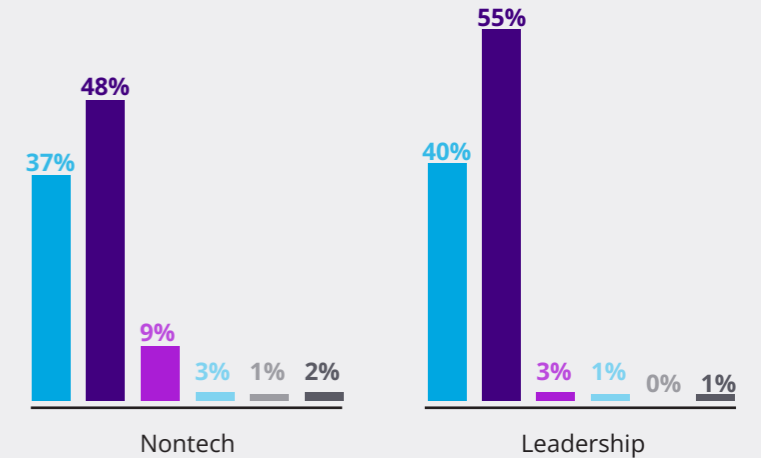
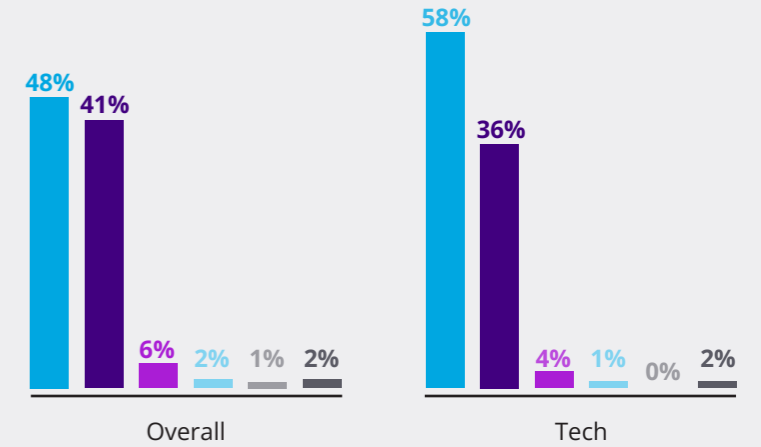


## U.S. Gender Diversity\*



\* Data as of December 31, 2022. Data supplied by KLA Human Resources, as self-reported by employees. Leadership comprises director-level and above. Data does not include employees from a recent acquisition. Technology roles include Engineering and R&D. Totals may not add up to 100% due to rounding. To align with U.S. government reporting requirements, this data uses the traditional gender categories of male and female. Racial and ethnic demographics shown are also based on government categories.

## U.S. Race & Ethnicity Diversity\*



■ Asian   
 ■ White   
 ■ Hispanic or Latinx   
 ■ Black or African American  
■ Native American, Native Hawaiian, Pacific Islander   
 ■ Multiracial

# Health, Safety & Well-Being

Our Environmental Health & Safety (EHS) team, led by a dedicated Global EHS Director, strives to enhance global coordination and consistency in EHS management, while maintaining strong local connections that support customers and employees within each region and site. KLA's commitment to maintaining a safe working environment motivates our continued implementation and expansion of ISO 45001 (Occupational Health & Safety Management System) standards and increased access to specialized training based on each employee's job-specific risks. KLA employees work in diverse environments, including our offices and facilities as well as customer sites for product installation, maintenance and updates. Each environment carries unique health and safety risks. We provide specialized training, policies and programs to address these various potential risks. Additionally, we recognize the importance of promoting and supporting the mental and emotional well-being of our employees and provide a wide range of tools and resources for a healthy personal life beyond work. By prioritizing the health, safety and well-being of our employees, we empower them to perform at their best while reducing risk.

## A Global Approach to Safety Management

In 2021, we set a goal to globalize our ISO 14001 (Environmental Management System) certification and expand our ISO 45001 certification. Our goal is to have an integrated ISO 14001/45001 system and certify our main production and R&D facilities under one global certificate that meets ISO's stringent requirements. In 2022, we maintained ISO 45001 certification at our U.K. facility and developed plans to expand certification in the near future.

In 2022, we continued to expand and enhance our health and safety standards globally, along with our Environmental Health & Safety team, with the aim of formalizing a consistent governance structure and establish a strong EHS presence across all regions to facilitate site-specific considerations. Throughout the year, our EHS team increased the number of sites with a designated EHS lead. Additionally, we remain committed to ensuring our facilities comply with local safety requirements and regulations.



In April 2022, KLA's facility in Newport, Wales received the President's Award for its 10th consecutive Gold Award.

Receiving a Gold Award from the Royal Society of Prevention of Accidents (RoSPA) recognizes our continued efforts to improve accident prevention and employee safety.



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## Industry-Leading Training

In 2022, KLA employees completed more than 38,000 hours of health and safety training — more than triple the hours completed in 2021. KLA provides comprehensive training to ensure a consistent approach to employee health and safety across our global locations. Our excellent safety record reflects our dedication to safety policy management, employees’ safety efforts and the breadth and depth of our training programs, including those available through our Corporate Learning Center (CLC), like:

- New employees are required to complete a health and safety orientation within their first week on the job.
- Service technicians are required to achieve and maintain role-specific safety training certifications.
- Employees are required to receive Hazard Communication training and those who work with hazardous materials are required to receive more extensive training on Hazardous Materials and Waste Handling. We also require employees who handle hazardous materials to complete the EMS-05 Hazardous Materials and EMS-08 Universal and Hazardous Waste procedures training as part of our ISO 14001 Environmental Management System compliance.
- Relevant employees are required to attend critical safety trainings on Laser and Radiation Safety and Title 22 Hazardous Waste Management.
- Relevant employees are encouraged to attend ergonomic training sessions, empowering our employees with the information and tools they need to conduct regular self-assessments.

In late 2022, we began expanding our online safety training library to provide employees with critical on-demand training addressing individual potential job risks.

## Safety and Compliance

We are committed to reducing safety risks across business units and at corporate sites worldwide. KLA manufacturing facilities have health and safety committees comprised of local experts. These teams use a risk-rank approach to proactively identify facility-specific hazards and work to reduce the risk of injury to KLA employees. Weekly inspections are conducted to identify potential hazards and quarterly S3 (Safety, Space & Security) audits generate facility-specific report cards identifying potential risks and areas for improvement. If a hazard is identified, the facility manager and EHS team members will conduct an accident investigation to correct the hazard and determine its root cause. We also participate in routine external audits led by local government bodies based on the location of our facilities as well as customer-driven audits.

Our goal is always zero accidents across our facilities. We utilize an online Safety Incident Reporting System (SIRS) for tracking and reporting incidents globally. In 2022, our U.S. Total Recordable Incident Rate was 0.28, which is below our industry average of 0.80, based on U.S. Department of Labor Bureau of Labor Statistics 2021 Injury and Illness Rates. In addition, our continued low-risk score from the Responsible Business Alliance (94/100) demonstrates our 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.

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# Employee Well-Being

## Building Healthy Habits

We engage with our employees and support their well-being both in and out of the workplace. We have built a robust suite of benefits to equip our employees with the tools to cultivate healthy habits. One example is the Virgin Pulse app, which employees use to track their physical activity and provide insights to enhance their health and wellness habits. KLA’s wellness program includes engaging virtual and in-person courses that cover both physical and mental health. We offer in-person and virtual workout and fitness classes, like yoga and body tune up, as well as other well-being classes, like seminars on mindfulness and meditation and a wide range of well-being classes like maintaining life balance, nutrition and the importance of sleep, hydration and relaxation. Additionally, we offer virtual and in-person events and challenges to encourage our employees to stay active across a number of locations.

Additionally, in 2022, we worked to onboard a new emotional health and well-being benefit provider for our U.S. employees, which offers employees more comprehensive access to address their mental health needs when they need it most. KLA employees were granted access to this new resource in January 2023.

## Supporting Parents Who Work

At KLA, we believe working parents should not have to choose between career and family. We understand the additional responsibilities faced by working parents at KLA, particularly during uncertain times. KLA supports new mothers by providing lactation rooms in many of our global facilities. Breast pumps are covered by our medical plans in the U.S. through healthy pregnancy programs. In 2021, we enhanced our benefits package to provide remote learning and childcare leave for employees in the U.S. and other select locations. In 2022, through our Connecting Employees website, we offered webinars such as “Bringing Inclusion Home: How to Help Kids Develop New Skills and Value,” and “Family Bonding and Progyny Benefit 101”, among others. We also offered courses on financial literacy and planning to help our employees prepare for their financial futures. We continued to build on these efforts by offering a broad range of hybrid work and telecommuting options. Through our benefits and course offerings, we can now better support parents in navigating their return to the workforce.

KLA offers programs designed to help meet the needs of our multi-generational and diverse workforce. From caring for a parent with a serious health condition, or bonding with a child via birth, foster placement or adoption, the KLA Family Care and Bonding leave provides paid leave when our employees need it the most. All U.S. employees are eligible for 12 weeks of Paid Family Care Leave in a 12-month period.

## Work Conditions

KLA believes in the importance of bringing employees together in the workplace to accomplish goals, build community, facilitate teamwork and collaborate. We also recognize some roles allow for flexibility in work hours and location. To accommodate this, KLA has implemented a flexible work model designed to balance the wants and needs of its employees with our business goals and objectives. Our employees enjoy flexible work schedules that help them balance their personal and professional lives. Managers may deem certain roles flexible, allowing them to be accomplished while working from home or other remote locations. Part-time schedules may be considered for employees in certain positions who wish to work fewer than 40 hours a week. We find these arrangements help make our employees more productive, engaged and creative to solve some of the world’s toughest challenges.

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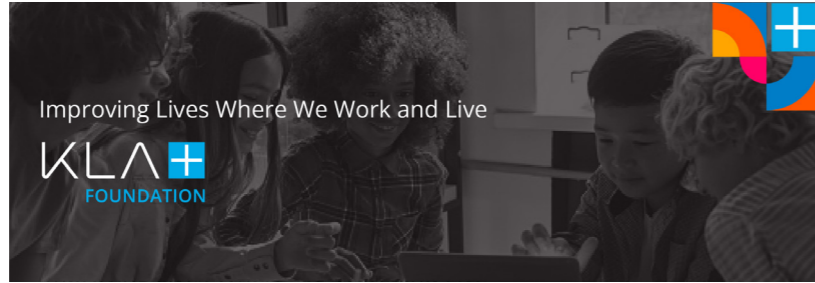
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# Community Engagement



Improving Lives Where We Work and Live

KLA+ FOUNDATION

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The KLA Foundation’s mission is to advance humanity by investing in our communities to create a more equitable, inclusive and accessible world. The KLA Foundation and KLA employees around the world play an active role in supporting the communities where we live and work through financial support, volunteerism and program facilitation. The Foundation focuses its efforts on three strategic pillars: Education, Wellness and Community Enrichment and aligns its programs and activities with six of the [UN Sustainable Development Goals](#):

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SDG 1 – No Poverty



SDG 2 – Zero Hunger



SDG 3 – Good Health and Well-Being



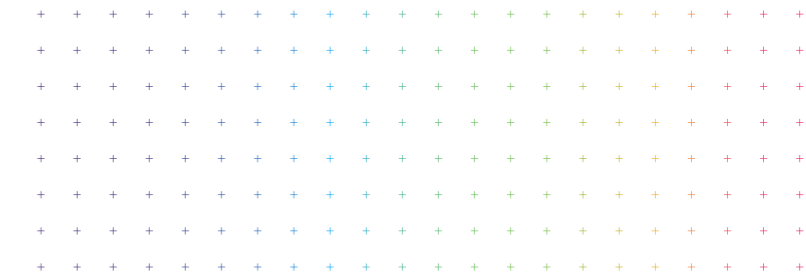
SDG 4 – Quality Education



SDG 5 – Gender Equality

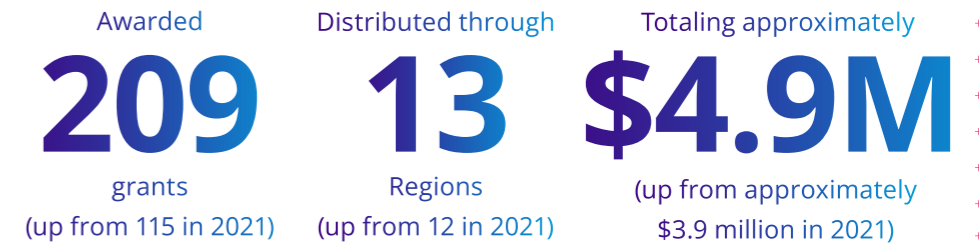


SDG 10 – Reduced Inequalities



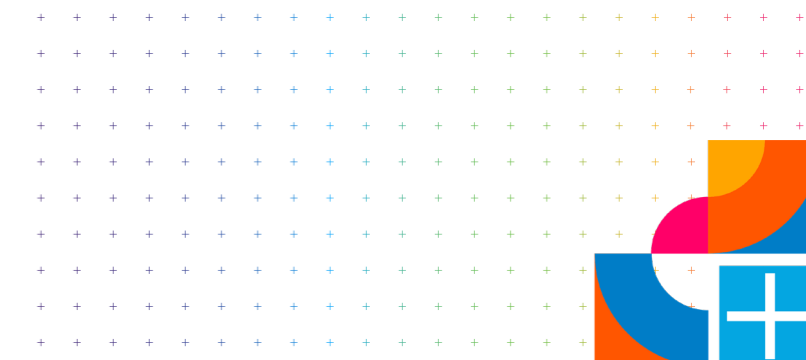
In 2022, the KLA Foundation increased its investments in local organizations. We expanded our giving program by awarding more grants in more regions and increased corporate matching of employee donations.

## GRANTS BY THE NUMBERS



## EMPLOYEE GIVING

Increased matching gifts to approximately





## Our Impact Around the World

KLA employees provide hands-on support in their communities, and with generous support from the KLA Foundation, their work is amplified. Here are just a few examples:

### KLA U.S.

KLA Ann Arbor donated \$35,000 to Downtown Boxing Gym, an afterschool program where students learn about STEAM (science, technology, engineering, the arts and mathematics), get homework assistance and participate in fitness classes. During the holiday season the human resources team also cooked dinner for the more than 200 students the organization serves.

The technology group in Milpitas held optical demonstrations and led hands-on learning for fifth and sixth graders at a local elementary school. The team also donated and assembled \$10,000 worth of lab furniture to help the school sustain their STEM programming.

More than 30 KLA employees across the U.S. support youth as mentors or volunteers and leverage funding from the KLA Foundation that allows students to design, build and code robots and to compete in FIRST Robotics Competitions.

Employees in Arizona supported UMOM Day Centers by providing funding for a full shelter stay for one individual. This funding made it possible for individuals to receive a variety of services during their stay to help them gain employment and get back on their feet

### KLA Japan

KLA Japan supports Girls STEM Career Pass Project (GSTEM-CPP), a nonprofit organization that encourages girls to pursue STEM careers. They offer STEM summer camp, where girls from the local area can engage in STEM activities and talk to women engineers. The organization aims to expand its reach and plans to improve its website so more girls can access the program.

### KLA Taiwan

KLA Taiwan employees volunteered to read stories and teach English vocabulary through the Read with Kids Virtual Reading Project. The project held 10 virtual reading sessions that benefited more than 200 local low-income students.

### KLA U.K.

The SPTS Division in the United Kingdom started to work closely with [Girlguiding](#), one of the U.K.'s largest female-only youth organizations, to encourage girls to pursue careers in STEM. Girlguiding enables 1,000 girls to learn coding, CPR and other practical science skills across 170 units.

KLA U.K. donated \$42,000 for [Techniquest Science Centre](#) in Cardiff, U.K., to fund a KLA Lab within the science center.

### KLA India

The KLA Foundation [Mobile Science Lab](#) and its teachers and technicians traveled to 15 schools in India to inspire STEM education among 16,000 students through science experiments and other hands-on experiences.

### KLA Korea

KLA Korea sponsored a robotics education program for 15 scholarship teams for students in Dongtan, Suwon, Hwaseong and Pyeongtaek, in Gyeonggi province, [through the nonprofit FEST](#).

**“By strategically partnering with organizations that know their communities best, we are investing in a more inclusive world and helping to fulfill the core mission of KLA and KLA Foundation of advancing humanity around the world.”**

*— Jen Shea,  
Executive Director, KLA Foundation*

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# Community Engagement Spotlights:

## Investing in Social Equity

In 2020, the KLA Foundation established the KLA Social Equity Fund, a three-year program in partnership with the American Heart Association. This \$1.5 million fund aims to address social and economic barriers to health equity faced by communities of color in the South Bay and Silicon Valley, California near our global company headquarters, as well as Metro Detroit, which includes KLA’s second North American headquarters in Ann Arbor. In 2022, KLA Foundation awarded its second round of grants totaling \$590,000 to five nonprofits serving people in under-resourced neighborhoods.

Since 2020, the KLA Foundation has invested in organizations that remove barriers to access and provide opportunities for underrepresented communities. In 2022, these organizations included Out in Tech, Facing History and Ourselves, Hispanic Foundation of Silicon Valley, the African Diaspora Network and Year Up. We also granted \$75,000 to the National American Red Cross for engaging Black and African American blood donors to help combat sickle cell disease.

In 2023, the KLA Foundation will continue its efforts focused on social equity through the KLA Education Equity Fund. Through this fund, our goal is to accelerate community-level efforts to expand access to quality education by delivering academic, social and cultural resources essential to the success of first-generation, limited-income and underrepresented K-12 students within the communities that KLA operates. To date, KLA has invested \$1 million into the [KLA Education Equity Fund](#).

## Teaching Kids to Think Like Scientists: Science is Elementary (SiE)

In collaboration with employees in Milpitas, California, Ann Arbor, Michigan and the nonprofit Science is Elementary (SiE), the KLA Foundation helped deliver innovative, high-quality science experiences to 7,500 preschool and elementary school children. The SiE series of short books features children from diverse backgrounds using science to solve problems. Children learn that they can think like scientists and become scientists. The KLA Foundation will bring this program to children in the United Kingdom in 2023.

## Inspiring Girls in Israel to Reach New Heights

In Israel, the KLA Foundation supported Shavot, an organization that promotes positive long-term self-esteem and a stronger sense of self-worth among girls. Shavot programs equip schoolgirls with tools to discover new strengths, aspire to higher goals and achieve them. Girls also engage in mentoring programs — often with KLA Israel mentors — to learn about career paths, professional branding and job hunting.

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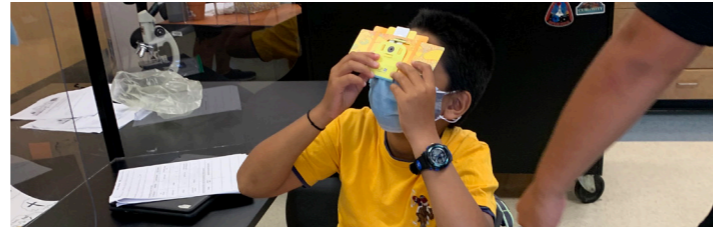
## Record KLA Donations to American Diabetes Association

The KLA Foundation and KLA employees donated a record \$81,396 to this year's Tour de Cure, an annual cycling event organized by the American Diabetes Association, in California. In 2022, 48 KLA employees participated in the annual ride.



## Eyes on an Invisible World

The KLA Foundation's [STEM Inspectors: Searching for Defects in the Microscopic World](#) is helping students around the world see the invisible (to the naked eye). As part of its commitment to help advance science, technology, engineering and mathematics (STEM) education in 2022, the KLA Foundation distributed paper microscopes to more than 1,600 students in Wales, Israel, California and Arizona.



## High Tech U in the Classroom

The KLA Foundation partnered with the SEMI Foundation to pilot High Tech U in the Classroom kits. SEMI High Tech U in the Classroom introduces students to the microelectronics industry and its crucial role in the modern world. Through the program, member companies sponsor branded STEM kits that help teachers to provide hands-on learning experiences that raise student awareness of industry and career pathways. High Tech U in the Classroom kits are versatile and can be used across grade levels and content areas. They are hands-on, cost-effective and reusable across different student groups. A teacher with a class set of kits can reach up to 150 students in just one day.

## Empowering Female Entrepreneurs in Underserved Communities

The KLA Foundation, in partnership with KLA's WISE (Women in STEM Empowered) Employee Resource Group, supported female entrepreneurs in underserved global communities in 2022. Through the international nonprofit Kiva, microloans were awarded to women, empowering them to overcome critical financial barriers and help their families succeed. In 2022, 987 women in more than 50 countries across Europe, Asia and Latin America received loans totaling \$33,250.

**Kenia** is a 34-year-old mother of three from Rubenia, Nicaragua. From a young age, she was already learning how to cook and prepare dishes which led her to ultimately begin her own food stand. Beginning with fast food, she branched out to serve various options as demand increased. With the assistance of partner MiCredito, Kenia applied for a loan to purchase basic grains, vegetables, chicken, meat, disposable plates, gas, sweets and fizzy drinks.

**Ingrid Elizabeth** and her family live in Portoviejo, Ecuador where the townspeople are dedicated to sustaining their own agriculture. Her family farm produces bananas and cocoa while also harvesting and raising chickens. While her husband is in charge of marketing the products in the markets, Ingrid Elizabeth sells ice cream and ices that she prepares at home. With the support of Fundación ESPOIR, Ingrid Elizabeth's loan funded the purchase of small chickens, poultry drinkers, certified seeds, urea, fertilizers, herbicides and pesticides.

## Responding to the Crisis in Ukraine

The KLA Foundation, along with KLA employees worldwide, donated more than \$350,000 to provide medical assistance and humanitarian aid to people in Ukraine following Russia’s invasion. Some of the organizations that received funding included the International Rescue Committee, the Ukrainian National Women’s League of America and World Central Kitchen.

In response to the growing humanitarian crisis in Ukraine, a group of KLA Israel colleagues felt compelled to help. As a result, a team of Russian-speaking colleagues in Israel were sent to represent KLA at a Ukrainian refugee job fair being organized by the mayor of Nof Hagalil, Israel. Throughout the day, they listened to personal stories of war and destruction, offering comfort and emotional support. They shared moments of both laughter and tears, but most importantly, they offered hope as they described KLA’s mission to make the world a better place. The KLA teams in Europe and the U.S. continue to explore additional opportunities to introduce KLA to Ukrainian refugees.

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# Our People: Keep Looking Ahead

## NEXT STEPS IN 2023 AND BEYOND

Moving forward, we are redoubling our efforts to make KLA an inspiring place to work by enhancing programs across talent development, inclusion and diversity, health, safety, community engagement and overall employee well-being.

In 2023, KLA will launch a Total Rewards Portal to improve communications with employees on the complete range of available benefits. Our wellness program will be transformed into a more holistic approach that addresses employees' diverse needs across five dimensions: emotional, physical, financial, workplace and social.

Our community engagements are expanding with a renewed focus on educational equity through the establishment of the KLA Education Equity Fund. In addition, our inclusion and diversity efforts are expanding globally, including expansion into Asia and a new U.S. Military Veterans Employee Resource Group in the U.S.

Efforts to improve employee health and safety will continue in 2023 by expanding the saturation of EHS training and increasing our online safety training library, providing more critical content to employees around the world. This expansion is in direct support of a key safety goal to ensure our employees receive more real-time training. KLA is also working with outside experts to develop best-known practices and create original training content for safety issues such as ergonomics and laser safety. Additionally, the global expansion of ISO 14001 and 45001 certification is expected to begin rolling out across KLA's seven main manufacturing locations in 2023.

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# PRODUCTS & SUPPLY CHAIN

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Our culture of innovation drives us to tackle complex technical and sustainability challenges. With one foot in the future, we develop tomorrow's products, while living up to our responsibilities today.

KLA is a place where curiosity is celebrated, thinking big is recognized and driving progress is expected. We know that our greatest opportunity to have a positive impact on our world is by turning theories into reality. And through our supply chain stewardship initiatives, we help to move sustainable innovation forward through collaboration.



Image: KLA Gen 5



# Product Stewardship & Innovation

For nearly half a century, KLA has been at the forefront of advancing humanity by developing significant digital technologies that enhance the human experience. Our customers are tackling some of world’s toughest challenges — from improving the efficiency of clean energy technologies to enhancing the computing and research ability of universities around the world.

KLA’s cutting-edge technologies empower our customers to solve problems with greater speed and reliability. As we contribute to a more sustainable world, our technology continues to push the boundaries of higher performance while we seek more and more ways to reduce natural resource utilization. Together with our customers, we drive

improvements in manufacturing processes to achieve higher yields while reducing emissions, energy consumption and waste.

Our tools and technologies play a crucial role preventing semiconductor chips with defects from escaping fabrication, so that the products they enable perform as designed. And as chips become lighter, more energy efficient and more powerful, an entirely new wave of innovation becomes possible.

Our customers trust us to help them create a more sustainable roadmap for the future. The stakes have never been higher, but we are up to the challenge.

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### Product Stewardship and Innovation

Cybersecurity & IP Protection

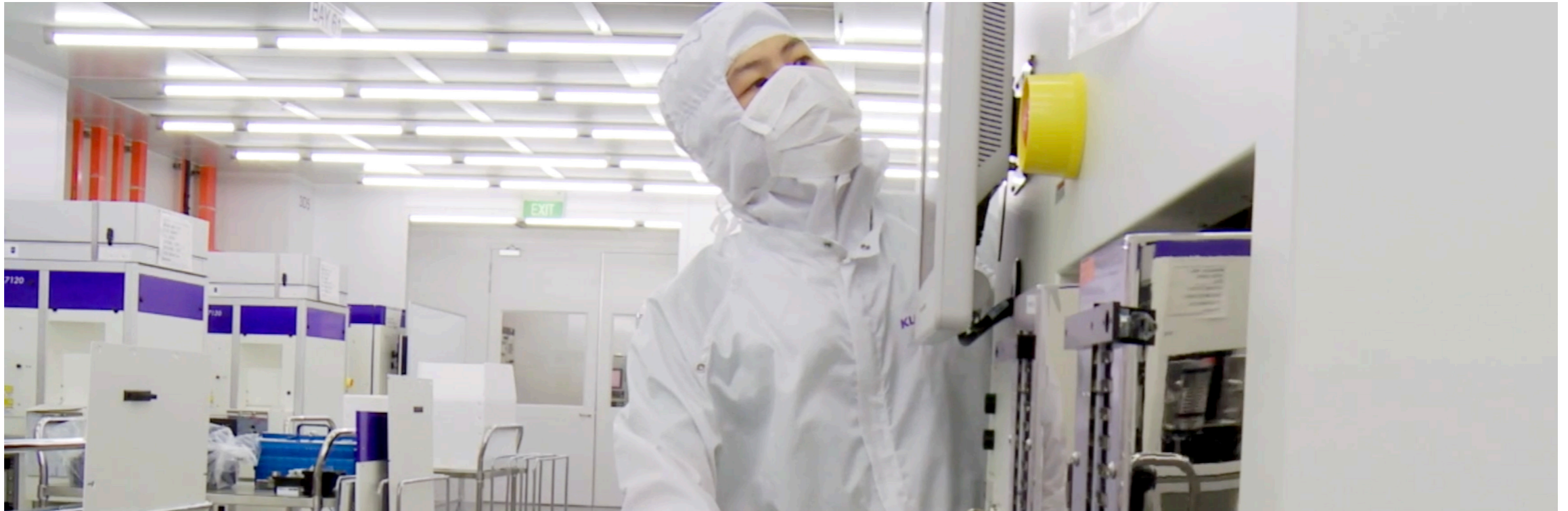
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## Driving ESG in the Product Lifecycle

We demonstrate our commitment to innovation through ongoing investments in research and development (R&D), which increased by 23% in 2022. Our team of experienced product engineers supervise our product lifecycles, helping to develop the next generation of product solutions. We pride ourselves on taking a collaborative approach — providing our customers with early access to our unique process control solutions during R&D cycles and contributing to the semiconductor industry’s efforts to reduce the environmental impact of electronic products.

As part of our commitment to sustainability, we are evaluating opportunities to reduce our environmental impact by integrating environmental considerations into our product design and development processes. We aim to reduce energy consumption, decrease our use of hazardous materials and eliminate waste wherever practical. Our priority in 2022 was to complete an evaluation of product energy efficiency and begin developing a Scope 3 GHG emissions strategy, including near-term targets covering emissions from the use of our products, which led to the onboarding of an experienced and dedicated ESG product lead. This role supports the standardization of energy intensity metrics and the generation and adoption of innovation to enhance energy efficiency across product groups.

## Hazardous Materials Management

KLA has implemented a program to conduct assessments across our supply chain to remain compliant and manage the risks of working with hazardous materials. Our products are highly complex, consisting of tens of thousands of parts. To be sure that KLA’s tools obtain required certifications and undertake ongoing assessments, we use industry-leading third-party partner Assent Compliance.

KLA products that are made with hazardous materials have been evaluated as safe for intended use according to applicable industry safety standards. Additionally, our products are used in highly controlled environments, so the probability of exposure to any harmful chemicals that were used to make our products is minimized. Finally, during each product’s end of life process it is recommended that complex disassembly and disposal be performed by highly skilled technicians.

Additionally, KLA makes a regular practice of extending product lifespans by repurchasing older products for refurbishment. This reduces the number of new materials that must be consumed to produce new products.

**“Our mantra is that no technical challenge is too big or complex for our expert team of physicists, engineers, data scientists and problem solvers. KLA is a place for curiosity, intellectual challenges and industry transformation.”**

— Rick Wallace,  
President and Chief Executive Officer

## Product Spotlights

In 2022, we introduced several new products and product enhancements that helped advance the sustainability goals and manufacturing strategies of our customers.

### Smaller Footprint, Higher Yield with Orbotech Corus™

As electronics trend toward increased capability paired with sleeker, compact designs, demand continues to grow for more advanced printed circuit boards (PCBs) and integrated circuit (IC) substrates. In 2022, KLA introduced the new Orbotech Corus™ 8M double-sided direct imaging (DI) system. Manufacturers use DI technology to produce advanced PCBs and IC substrates designed with extremely thin conductors and transmission lines.

The Orbotech Corus™ platform combines the functionality and automation of an entire DI production line in a compact and clean unit while providing increased resolution with high accuracy to pattern finer lines. The result for customers is the ability to produce the accurate, super-fine features required by high-performance applications like smartphones and smartwatches with greater efficiency, quality and yield.



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## Reducing Environmental Impact of the Semiconductor Manufacturing Ecosystem through Advanced Process Control

Manufacturing chips, reticles and wafers requires energy, chemicals, materials, water and other resources. From an environmental perspective, it is important that our manufacturing process steps meet stringent quality standards to prevent scrap and reduce rework. Process control involves the use of inspection and metrology systems to measure wafers or reticles after process steps to look for defects or variations that can cause quality issues. During R&D stages, process control provides data that helps engineers characterize and optimize processes quickly, reducing the cycle time and materials needed to implement production-ready processes. During high-volume manufacturing, process control is used to identify process issues early, which allows manufacturers to take quick corrective action. This reduces product scrap and rework, and ultimately, reduces resource consumption.

Advanced 3D NAND and DRAM memory chip fabrication involves the formation of very high aspect ratio (HAR) structures — nanoscale architectural features that are very tall and very narrow. These HAR structures need to be formed with a near-perfect vertical shape profile, uniform from the top of the structure to the very bottom. The Axion® T2000 metrology system uses X-rays to measure these vertical memory structures along the entire height, identifying small variations that can affect final chip performance or yield. By implementing Axion T2000 measurements in R&D, ramp and production, chip manufacturers can reduce cycles of learning and identify process issues early, increasing yield and reducing scrap.

Reticles are the source of the patterns that are printed on wafers through complex lithography processes. These patterns form the transistors and connectors that form a chip. If there is a yield-critical defect on a reticle, it has the potential to misprint every chip on a wafer, causing significant yield loss. The [Teron™ SL670e and Teron™ SL670e XP](#) reticle inspection defect systems are used by chip manufacturers to qualify incoming EUV reticles or periodically requalify EUV reticles. By detecting yield-critical defects on reticles before they are used, the Teron SL670e and SL670e XP systems help prevent yield loss, thereby reducing wafer scrap and rework.



## Meeting New Standards for Quality

Chips are becoming ever more complex and power increasingly sophisticated, higher-performing electronic devices. The reliability and integrity of these devices hinges on the integrity of each individual chip within them, from single-die packages to more complex, integrated multi-chip packages. These requirements result in semiconductor manufacturers emphasizing strict quality assurance standards.

Maintaining “zero tolerance” quality standards requires chip manufacturers to sort good chips from bad. Accurate inspection capability is required to avoid instances where good chips are incorrectly deemed faulty and removed from production or the alternative, where a killer defect is missed and the chip moves onto the next manufacturing step. In both cases, the associated costs and material waste can mount quickly.

KLA’s new ICOS™ F260 system provides enhanced inspection of diced bare die and advanced wafer-level packages after the dicing process to accurately sort the chips before moving to the next step in production. Using short wave infrared (IR) light, the ICOS™ F260 system can find hairline crack defects that are too small to be detected through electrical testing techniques. With specialized cameras enabling all-side inspection and better visibility across applicable surfaces, this cutting-edge ICOS F260 system can distinguish between cracks and chipped surfaces — improving the accuracy of the die sorting process.

**“KLA’s innovations and investments in ‘zero tolerance’ defect inspection is helping set the bar for continued gains in chip integrity, manufacturing throughput and yield. By reducing the material losses associated with defective chips, chip manufacturers can make better use of limited material supplies while reducing waste, over the long term.”**

— Pieter Vandewalle,  
General Manager, ICOS division

## Better Solar Performance Through Higher Uniformity

Solar devices are coated with a silicon (Si) or gallium arsenide (GaAs) substrate to reduce surface reflectivity. Any deposited aluminum lines and substrates (Si or GaAs) must be monitored for uniformity and for the most optimum performance of the solar device.

KLA’s new Filmetrics® Profilm3D uses enhanced roughness mode (ERM) to capture a higher fraction of the low reflectivity and rough texture signals without saturating the optical detector. This approach provides a more accurate measurement of the textured surface and the dimensional variation of the metallization lines. Better measurement leads to fewer defects and higher performing solar cells.

KLA Instruments™ optical profilers serve several different industries, including compound semiconductors, data storage, solar and display, biomedical and pharmaceutical, automotive and aerospace, metal/glass/ceramics manufacturing, academic research and more.



# Cybersecurity & IP Protection

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KLA recognizes that cyberattacks are an increasingly sophisticated threat to KLA and its many stakeholders, including our employees, customers and service providers. Attackers are evolving and employing new methods to circumvent security controls. At KLA, our cybersecurity team implements tools, processes and technology to protect our computers, networks, electronic devices, systems and data against cyberattacks.

Our main goals are:

Maintain operational  
resiliency and protect  
sensitive data

Build security awareness  
across our workforce and  
service providers

Enhance our ability to  
identify, respond and recover  
from cyberattacks

Our cybersecurity program is led by our Chief Information Security Officer, who regularly reports to our Executive Team, reports at least quarterly to our Audit Committee and reports at least annually to the full Board of Directors. Our program also benefits from working with a diverse set of external cybersecurity advisors and consultants.

KLA's cybersecurity program is based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework for managing global cybersecurity risks.

Other key aspects of KLA's cybersecurity program include, but are not limited to, the following:

- Monitoring our global environment via our Security Operations Center
- Scanning our perimeter for vulnerabilities
- Response procedures and escalation protocols
- External threat monitoring, phishing exercises and penetration testing, including independent third-party assessments and attestation
- Annual security training programs for global employees, including topics such as: cyber regulations, techniques for protecting sensitive information, information sharing based on "need to know", and ransomware
- Scanning emails for potential threats, including blocking controls
- Custom automation for network events that are identified as potentially malicious, for expedited isolation

# Responsible Sourcing

As a global company, we are committed to continue aligning our supply chain strategy with our broader ESG goals around Advancing Humanity.

## Responsible Supply Chain Management

We champion the Responsible Business Alliance (RBA) Code of Conduct with our global suppliers. Suppliers are required to adhere to KLA's [Standards of Business Conduct](#) as well as our [Global Human Rights Standard](#), which is aligned with the [RBA Code of Conduct](#). Together, these cover labor rights, safe and healthy work environments for employees, adherence to applicable environmental and employment laws, responsible handling of metals and minerals, ethical business practices and more. Our Global Human Rights Standard is supported by contractual language in our supplier agreements. Our RBA low-risk score (94/100) demonstrates our commitment to safety in our supply chain and with our customers.

Every year, we assess key direct suppliers using the RBA Facility Supplier Assessment Questionnaire (SAQ), which provides an overall risk score. RBA Facility SAQ overall high-risk score requires a third-party audit, per RBA member guidance, of the supplier to identify areas for improvement, which are then tracked until they are fully addressed. In 2022, we continued to meet our targeted 85% completion rate on the RBA Facility SAQ survey for existing direct suppliers. We also increased the number of evaluated direct suppliers by 29% due to recent acquisitions.

KLA evaluates new and existing direct suppliers through a selection and qualification process, a critical part of the company's Supply Chain Management (SCM) process. The company follows a similar process called Source to Manage for new and existing indirect suppliers. Once partners are selected, they become part of KLA's supply base, and we work with them toward continuous improvement. To inform improvements, KLA uses a supplier scorecard program with several criteria related to supplier performance. As part of the SCM process, suppliers undergo planned business reviews, site visits and performance audits, as appropriate.

In 2022, we initiated the development of a strategy to engage suppliers in setting their own climate-related targets and addressing climate-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 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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## Expanding Supply Chain Inclusion & Diversity

We recognize that partnering with a diverse range of suppliers, whose products and services meet KLA and customer standards, is fundamental to promoting our continued progress.

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 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 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 stalking or other status or characteristic protected by applicable federal, state or local laws.

“KLA values inclusion and diversity throughout our organization and supply chain. Partnering with diverse suppliers who meet our high standards and enable us to meet customer requirements expands our perspectives and solutions to improve the way KLA operates.”

— Theo Kneepkens,  
SVP, Global Operations

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## Milestones in Our Commitment to Responsible Sourcing

Our journey toward supply chain stewardship began in 2015 when we launched our initial Diverse Supplier Program. Since then, we have built the foundation for strong supply chain stewardship through the following milestones:

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# 2019

**Launched our Supply Chain Sustainability Program, aligned with our broader ESG strategy**

- Conducted ESG Materiality Assessment which helped to identify ESG priorities within the supply chain
- Joined SEMI Manufacturing Ownership Diversity (MOD) working group

# 2020

**Advanced 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)

# 2021

**Further refined our supplier inclusion & diversity vision, program and expectations**

- Expanded our supplier education efforts through our Supplier Inclusion & Diversity webpage

# 2022

**Expanded inclusion & diversity transparency across our supply chain**

- Identified a tool to further increase our access to diverse suppliers in 2023 and beyond.

# Products & Supply Chain: Keep Looking Ahead

NEXT STEPS IN 2023 AND BEYOND

## Product Stewardship & Innovation

We have developed a quantifiable Scope 3 emissions reduction target which is being submitted for review to the Science Based Target Initiative (SBTi) alongside our existing Scope 1 and 2 emissions goals. We are also developing a product energy efficiency strategy that incorporates efficiency metrics into product development processes. Through this strategy, we aim to generate and adopt innovative solutions that enhance the energy efficiency of our products during use.

## Responsible Sourcing

In 2023, we plan to expand our use of the Responsible Business Alliance (RBA) Supplier Assessment Questionnaire (SAQ) to include our indirect service providers. We will continue our efforts to expand supplier diversity through our partnership with Supplier.io. In 2023, we will also begin to engage suppliers representing the highest impact emissions as a continuation of our strategy to help suppliers address their climate impact.

KLA has adopted a universal [Global Human Rights Standard](#) that applies to employees, non-employees, workers and suppliers. Our product and supply chain teams are also collaborating with our Environmental Health and Safety (EHS) team to include supplier requirements within our existing EHS policies.

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# ENVIRONMENT

KLA's journey to shape a more sustainable future starts with the recognition that, as a global society, we need to adjust our way of doing business in response to urgent environmental challenges like climate change.

Our environmental impact and the role we play in developing environmentally responsible solutions and technologies drive the way we think about our business strategy, operations and risk management. In collaboration with our employees, suppliers and customers, we strive for continuous reflection and improvement. By working to reduce our carbon and water footprints and materials use and waste, we can make a meaningful contribution toward a more sustainable future.

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# Climate & Energy

In 2021, in support of the transition to a clean energy economy, we committed to using 100% renewable electricity across our global operations by 2030. Building on this pledge in 2022, we set new goals to reduce Scope 1 and 2 emissions by 50% by 2030 (based on our 2021 baseline) and to achieve net zero Scope 1 and Scope 2 emissions by 2050. These targets reflect our belief that every business has a responsibility to reduce its carbon footprint and contribute to a more sustainable future. Beginning with this report, we will disclose our progress toward achieving these goals and reducing our climate impacts.

In 2022, we initiated the development of strategies to improve the energy efficiency of our products and collaborate with our suppliers representing the highest impact emissions to set their own climate-related targets.



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**“With success comes responsibility and we are committed to sustainably growing a profitable business by holding ourselves to ambitious environmental targets as part of our broader strategy to advance humanity, including through our ESG programs.”**

*— Rick Wallace,  
President and Chief Executive Officer*

## Our Climate Goals

Guided by the [Science-Based Targets initiatives \(SBTi\) Corporate Net-Zero Standard Criteria](#), we have established climate-related goals and continue to assess opportunities to align our efforts with the latest climate science. Our climate goals are listed below. As noted earlier, we have also developed a quantifiable Scope 3 emissions reduction target which is being submitted alongside our Scope 1 and 2 emissions goals for review by SBTi, and which we plan to publish after SBTi validation.

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**Reduce Scope 1 and Scope 2  
emissions by 50% by 2030 from  
our 2021 baseline**

**Achieve net zero Scope 1 and  
Scope 2 emissions by 2050**

**Use 100% renewable  
electricity across our global  
operations by 2030**

**Follow the recommendations of the Task Force on Climate-Related Financial  
Disclosures (TCFD) and report climate-related governance, strategy, risk  
management, metrics and targets to our stakeholders on an annual basis**

We will continue to disclose our progress towards these climate goals and will remain transparent on our carbon footprint and energy consumption.

# Our Greenhouse Gas Inventory

We began measuring our scope 1, 2 and 3 GHG footprint for calendar year 2019 and have continued to improve our process and methodology ever since. For our 2022 inventory, we continue to report our scope 1, 2 and 3 emissions and improve our estimation methods for certain categories such as Use of Sold Products (Scope 3). Our GHG inventory aligns with the requirements of the World Resources Institute and World Business Council for Sustainable Development’s [GHG Protocol](#) and is conducted on a calendar year cycle.

## Scope of Our GHG Inventory

We define our organizational boundaries for the inventory using the Operational Control approach per the GHG Protocol guidelines. Our inventory covers 100% of KLA’s global operations over which we have operational control, including offices, manufacturing and R&D facilities.

We collect and include operational control data from facilities we classify as “Super Sites” and estimate data for sites that fall outside this definition. In 2022, we refined and standardized our definition of a Super Site to include all locations that meet the following criteria.

1. The site is classified as one or more of the following:
  - a. Manufacturing space (includes cleanroom)
  - b. Research & Development space
  - c. Office space (includes sales support)
2. The site floor area is greater than 40,000 square feet

This updated definition led to the collection of more data in 2022 than 2021 as two smaller sites were replaced by larger sites. In addition, a new Super Site was added due to acquisition and two existing sites expanded into new buildings in 2022. We collect detailed operational data for energy, water, waste, backup generators, vehicles, refrigerants and other emissions sources at each of these locations.



# Scope of Our GHG Inventory

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## SCOPE 1

Our Scope 1 GHG measurements are based on direct emissions from operations owned and controlled by KLA, including: stationary combustion of natural gas and diesel; mobile combustion of gasoline, diesel and liquified petroleum gas; and refrigerants and volatile organic compounds, such as fugitive emissions.

## SCOPE 2

Our Scope 2 GHG measurements are based on indirect emissions from the generation of energy purchased and consumed by KLA, including the consumption of electricity across facilities from renewable and non-renewable sources. In our inventory, we calculated Scope 2 electricity emissions using both the location-based and market-based methods within the GHG Protocol Scope 2 standard.

## SCOPE 3

Our Scope 3 GHG measurements include relevant indirect emissions that occur across our value chain, including:

- Purchased goods and services
- Capital goods
- Fuel and energy-related activities (FERA)
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets
- Use of sold products

A critical component of our Scope 3 footprint is the emissions resulting from the use of our sold products. Across our portfolio, we build KLA products to last — the estimated average lifespan of a KLA product is over 20 years in operation. To more accurately calculate the environmental impact of our tools during use, we established working groups across our businesses that completed rigorous evaluations using SEMI S23, F47 and/or TEE guidelines to quantify total energy use for each product family. Estimations using SEMI S23 guidelines involve more rigorous measurements of the total energy use across the lifecycle of each product family while calculations using F47 and TEE guidelines involve less exact estimations using higher-level product specifications. In 2022, we increased the share of tools covered on a unit basis by the more accurate SEMI 23 estimations to 56%, which is an increase of 19% points over our 2021 coverage. We also improved our energy use estimates by considering destinations for product shipments, which provides a more accurate representation of the electricity grids in those locations.

These results give us better insight into lifecycle impacts, including the energy use of our products and the provision of clean and dry air, nitrogen, exhaust, vacuum and ultrapure water. These assessments go beyond previous measurements that were solely focused on direct electricity use, helping us to better align with evolving industry standards.

## Methodology Updates

We recognize that carbon accounting methodologies continue to evolve, so we seek to improve our GHG inventory process as changes to associated practices are identified. We aim to be vigilant and transparent about changes to our methodology or other modifications in our approach. There were no updates to our methodology in 2022 that would require a rebaseline of our 2021 emissions.

## Our GHG Inventory Results

KLA continues to experience significant business growth, with revenues increasing from \$8.2 billion in 2021 to \$10.5 billion in 2022. We also added over 3,700 new employees, opened new facilities and increased the number of KLA tools in use worldwide. As our business grows, we can better equip our customers while remaining focused on our climate goals. Our successful emissions reduction strategy starts with accurate, credible GHG measurements.

We completed third-party verification of our 2022 GHG inventory for Scope 1, Scope 2 (including renewable energy progress) and the following Scope 3 categories, to a limited level of assurance:

- Purchased goods and services
- Capital goods
- Fuel and energy-related activities
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Use of sold products

For more information, please see the Verification Statement in the [Appendix](#).



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## Scopes 1 and 2 Emissions

**Goal:** Reduce Scope 1 and Scope 2 emissions by 50% by 2030 from our 2021 baseline and achieve net zero Scope 1 and Scope 2 emissions by 2050.

### KLA Scope 1 & 2 Market-Based GHG Emissions

	2021	2022
<b>Total Emissions (MT CO2e)</b>	<b>48,321</b>	<b>44,919</b>
<b>Scope 1 Emissions (%)</b>	<b>9.7%</b>	<b>17.7%</b>
<b>Scope 2 Emissions (%)</b>	<b>90.3%</b>	<b>82.3%</b>

In 2022, our updated Super Site definition led to the collection of actual data from locations that were estimated in our 2021 Global Impact Report. Year-over-year, our total Scope 1 and 2 emissions decreased by 7%. While Scope 1 emissions increased in 2022, Scope 2 emissions from electricity decreased due to an increased purchase in renewable electricity. Our renewable energy purchasing takes a strategic and targeted approach to maximize impact: we prioritize the purchase of renewables in specific regions that still rely on energy derived primarily from fossil fuels.

## Energy Consumption

**Goal:** Use 100% renewable electricity across our global operations by 2030.

At KLA, we are committed to reducing the carbon footprint associated with our energy consumption. We are working to achieve this by exploring opportunities to source low-carbon energy and by reducing our overall energy consumption through site-level energy audits that identify opportunities to improve energy efficiency. Since 2018, we have increased our procurement of electricity from carbon-free sources across our global operations. In addition, we are currently engaged in due diligence for our long-term renewables procurement strategy. We are currently on track toward our renewable electricity goal at 55%. To further enhance our use of low-carbon energy, we are collaborating with third-party consultants to refine our approach. In 2022, the energy consumption of KLA operational sites overall increased by about 1% year-over-year and our renewable energy use increased by 3%.

### KLA Purchased Electricity

	2021	2022
<b>Total Purchased Grid Electricity (MWh)</b>	<b>197,187</b>	<b>198,949</b>
<b>Renewable Energy (%)</b>	<b>52%</b>	<b>55%</b>

## Scope 3 Emissions

**Goal:** We have developed a quantifiable Scope 3 emissions reduction target which is being submitted alongside our existing Scope 1 and 2 emissions goals for review by the Science Based Target Initiative (SBTi), and which we plan to publish after SBTi validation.

### KLA Scope 3 GHG Emissions

	2021	2022
<b>Total Scope 3 Emissions (Million MT CO<sub>2</sub>e)</b>	<b>3.85</b>	<b>4.27</b>
<b>Use of Sold Products Emissions (%)</b>	<b>79%</b>	<b>75%</b>
<b>Purchased Goods and Services Emissions (%)</b>	<b>17%</b>	<b>18%</b>
<b>Emissions From All Other Categories (%)</b>	<b>4%</b>	<b>6%<sup>1</sup></b>

<sup>1</sup>Subtotals may not compute to 100% due to rounding

In 2022, the increase in our Scope 3 emissions was largely due to an increase in emissions from our use of sold products and purchased goods and services categories as our business grew.

## Emissions Intensity

	2021		2022	
	Revenue (millions)	tCO <sub>2</sub> e/m\$	Revenue (millions)	tCO <sub>2</sub> e/m\$
<b>Emissions Intensity (tCO<sub>2</sub>e/million revenue)</b>	<b>8,200</b>	<b>475.8</b>	<b>10,500</b>	<b>410.8</b>

In 2022, while our overall Scope 1, Scope 2 and Scope 3 emissions increased by 10.6% from 2021, our emissions intensity decreased by 13.7%.

# Advancing Climate Action through Our Supply Chain

As noted in our reported Scope 3 emissions, purchased goods and services comprise a significant percentage of our overall footprint. As responsible stewards and part of the broader semiconductor industry, we recognize the importance of decreasing the carbon impact of our direct operations as well as 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 our climate impacts. For more information on our overall supplier engagement strategy, please visit the [Supply Chain](#) section of this report.

## 2022

Developed a strategy to engage suppliers on their climate impacts

- Aligned our supplier engagement approach with KLA's corporate climate strategy
- Identified the scope of supplier engagement and the suppliers we want to begin our program with
- Identified key partners, such as [CDP](#), who will be instrumental in helping us 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 with KLA by disclosing key metrics and working toward climate goals covering their emissions
- Identify the key goals and metrics that will be most useful for our tracking and reporting purposes
- Host webinars and resources to educate and engage our suppliers about CDP reporting and provide an overview of KLA's climate journey

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# Climate Risk Management

**Goal:** Follow the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and report climate-related governance, strategy, risk management, metrics and targets to our stakeholders.

Climate-related issues at KLA are monitored by the Chief Strategy Officer who reports to our CEO, the ESG Steering Committee and the Global ESG Leader. The Nominating and Governance Committee of the Board monitors our policies, programs and strategies related to environmental stewardship. We have developed a climate-specific risk and opportunity assessment process that takes into consideration recommendations from the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) and supports annual disclosure.

In 2022, we conducted our second climate risk and opportunity assessment that included potential physical and transition risks and opportunities across the company and value chain. We followed a similar methodology to our 2021 inaugural assessment by identifying climate-related risks and opportunities through research and stakeholder engagement, as defined by TCFD risk types and classifications. Key senior leaders and subject matter experts were engaged to assess their relevance to the business and prioritize them based on potential impact, likelihood and vulnerability assessments.

In both 2021 and 2022, we did not identify any climate-related risks or opportunities that we currently anticipate having a substantive impact on the business. Moving forward, the information gathered during this annual assessment process will continue to be used to inform adjustments to our company strategy and management plans. For more information, please see our annual [CDP Climate Change Report](#) and our [TCFD Index](#) at the back of this report.

**“We are committed to monitoring climate issues on an ongoing basis, conducting annual climate risk and opportunity assessments and reporting climate information to stakeholders following the recommendations of the TCFD.”**

*— John McLaughlin,  
Global ESG Leader*

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# Materials & Waste

KLA strives to reduce waste generation across our sites and support our customers in their responsible material management efforts. Within our ISO certified systems, KLA commits to pollution prevention, which begins with understanding the impact and cost of the waste generated by our business and taking steps to reduce our impact. As one example, our U.S. and Singapore locations have implemented a reusable crate program that reduces the volume of raw materials used in crate manufacturing while also saving costs. We design our products with customers' needs in mind, focusing on increasing their yields while reducing the need for additional materials and waste.

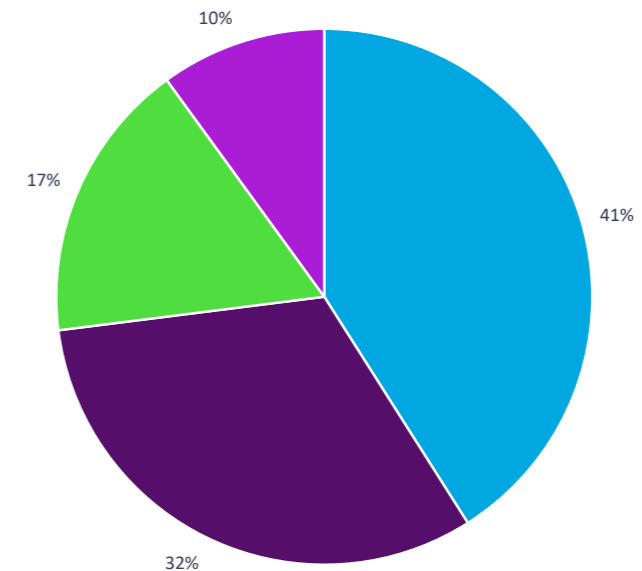
## KLA Waste Generation

	2022
<b>Total Non-Hazardous Waste Generated (Metric Tons)</b>	<b>2,235.7</b>
<b>Waste Recycled (%)</b>	<b>41%</b>
<b>Waste Landfilled (%)</b>	<b>32%</b>
<b>Waste Composted (%)</b>	<b>17%</b>
<b>Waste Combusted (%)</b>	<b>10%</b>

Our updated definition of a Super Site as well as an acquisition and expansion at two Super Sites led to the collection of more facility-level waste data in 2022 compared to 2021. KLA does not estimate waste data from non-Super Site locations. The additional data represents a substantial portion of our 32% year-over-year increase in waste generated. The most accurate year-to-year view of our waste usage is on a normalized per-headcount basis which shows that our total waste per person improved from 258.2 kgs in 2021 to 247.6 kgs in 2022.

We seek opportunities to reduce hazardous waste wherever feasible. We maintain waste management programs for various types of waste including recyclables, hazardous and non-hazardous waste, universal waste (such as batteries, lamps and aerosol cans), wastewater, packaging and others. Employees involved in the handling and/or management of hazardous materials and waste are required to undergo training in accordance with federal, state and local regulatory requirements.

KLA Waste Generation



■ Waste Recycled (%) ■ Waste Landfilled (%) ■ Waste Composted (%) ■ Waste Combusted (%)

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# Water Management

Water is a shared natural resource that is vital to KLA and its surrounding communities. We acknowledge our role in stewarding local water resources and strive to adopt innovative approaches across our locations to reduce our water usage and reliance on sources of fresh water. KLA uses water primarily for manufacturing processes and general building services (including landscaping and utilities). Just as we help our customers reduce their water usage, KLA aims to improve water conservation at our own manufacturing sites, with emphasis in locations facing water scarcity and drought conditions.

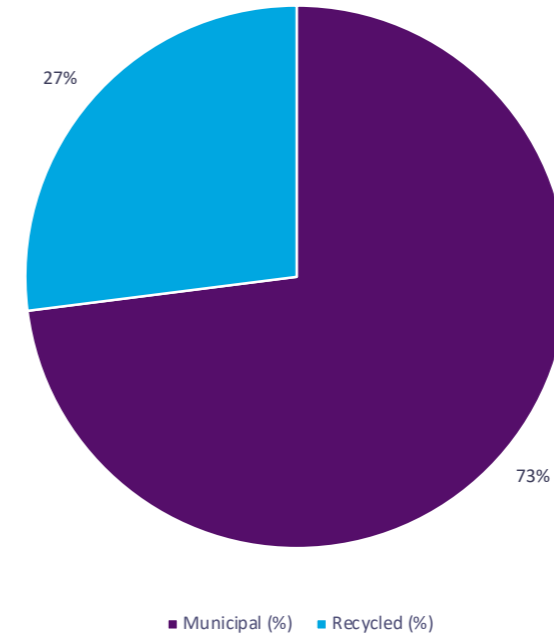
To help guide our efforts, KLA completed a water risk assessment for our Super Sites using the Aqueduct Water Risk Atlas and WWF Water Risk Filter. We performed this analysis to determine which of our water-intensive sites may be exposed to near-term and long-term water-related risks.

In 2022, 52% of our total water withdrawals came from three Super Sites that are at-risk for water stress. These three sites are in Milpitas, California, Yavne, Israel, and Migdal Ha'emek, Israel. The criteria that we used to make this water stress determination are: 1) sites with high or extremely high overall water risk and baseline water stress; 2) sites with high water withdrawal and electricity usage relative to KLA total usage; and 3) sites that are business critical.

## KLA Water Withdrawals

	2022
<b>Total (Gallons)</b>	<b>84,607,607</b>
<b>Municipal (%)</b>	<b>73%</b>
<b>Recycled (%)</b>	<b>27%</b>

KLA Water Withdrawals



KLA collects water data at our Super Sites and does not estimate water withdrawal at non-Super Site locations. Compared to 2021, our total Super Site water withdrawals increased by 27%, primarily due to new and expanded Super Sites providing data in 2022. The most accurate year-to-year view of our water usage is on a normalized per-headcount basis which shows that our municipal water usage improved from 6,404 gallons per person in 2021 to 5,884 gallons per person in 2022.

We continue to look for opportunities to reduce our impacts on municipal water sources and use recycled water when possible. In Milpitas, California, one of our key Super Sites identified as at-risk for water stress, 26% of the site's total water withdrawals are from recycled water. We increased recycled water for this site by 551,824 gallons, a 6.5% increase from 2021. In 2022, across all Super Sites, 27% of total water withdrawals comes from recycled water — an 18% increase from 2021.

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# Environmental Management

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KLA is committed to a comprehensive approach to environmental health and sustainability. In 2022, we successfully recertified our ISO 14001 certification at key locations without any major findings and we aim to further expand certification globally. At the same time, we are working to standardize our environmental data collection across the business, which will support continued tracking and reduction of environmental impacts. Additionally, over the past five years, we have not had any significant environmental fines or penalties.

Looking ahead, we are actively seeking additional ways to integrate environmental best practices. KLA’s commitment to environmental health is ingrained in our company culture and exemplified by our employees. For example, at our facility in Leuven, Belgium, which is equipped with rooftop solar installations, a group of volunteer employees formed a “green team” in 2022 to increase environmental awareness across the site. One of the team’s focus areas was promoting the benefits of biking to work, which included participation in a bike-to-work event during European Mobility Week.

Also in 2022, we broke ground on our new [Innovation Center in Newport, Wales](#), which will provide over 25,000 square feet of cleanrooms for R&D and more than 35,000 square feet of bespoke manufacturing assembly halls. Keeping up with our commitment and track record of building in an environmentally responsible way, we adopted the globally recognized science-based sustainable and energy efficient design BREEAM standards and designed the facility to achieve an Excellent rating.



# Environment: Keep Looking Ahead

## NEXT STEPS IN 2023 AND BEYOND

We have established a [global waste and water policy](#) to guide our efforts. With this policy in place in 2023, we plan to continue our progress and work toward setting meaningful waste and water reduction goals. To advance our water stewardship efforts, we aim to identify and implement water reduction initiatives at our three manufacturing locations identified to be at risk of water stress. On waste, we aim to analyze waste generation data, evaluate waste reduction opportunities and standardize our classification of waste streams to inform potential waste reduction goals.

Over the next two years, we will continue to implement our strategy to roll out a global EHS management system and expand ISO 14001 certification. This ISO standard will support the development of a more systematic approach to environmental management with the intent to enhance data accuracy and consistency across the business — a core EHS strategic objective.

2022 was our first year in reporting progress against our Scopes 1 and 2 footprint and renewable electricity consumption. We will continue to disclose our progress toward these goals and provide updates as we complete the SBTi submission and validation process.

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# GOVERNANCE & ETHICS

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At KLA, we believe governance and ethics are an opportunity to reinforce our core values and build trust among our employees, customers and shareholders. Led by our values, we employ advanced governance practices to nurture a corporate culture of honesty, consistency and a persistent drive to be better.

We focus as much on the responsibilities of our leadership to model best practice governance behaviors as we do on protecting the rights of our people, managing the potential risks of business activities and ensuring we meet our compliance obligations.



# Corporate Governance & ESG

## What Does Governance Entail?

Governance at KLA is about running our business responsibly and ethically — through policies, rules and processes for corporate accountability, transparency, fairness and responsibility. Through good governance, KLA creates meaningful results for our stakeholders, including the customers, investors and employees who drive our business.

KLA's executive management is responsible for updating the Board and its committees on topics related to our operations, employees, customers and suppliers.

In 2022, Robert Calderoni was appointed Board Chair by KLA's Board, succeeding Edward "Ned" Barnholt, who served as Board Chair since 2006. Mr. Calderoni has maintained his seat on the KLA Board as an independent director since 2007. A highly respected leader, Mr. Calderoni has more than 30 years of executive experience in the technology industry.

## How Does Governance Work at KLA?

KLA's governance strategy is designed to support our mission to Advance Humanity. Our practices and policies are designed to meet regulatory standards and, in many cases, further our progress toward select corporate goals and ESG targets.

KLA is governed by a Board of Directors (the "Board"), established in accordance with applicable laws and our Corporate Governance Standards. The Board has three standing committees, each of which has specific oversight responsibilities for various aspects of KLA's business. Each committee is governed by a charter that defines its areas of responsibility. Members of our Board, Board Committee Charters and a list of committee members are available on KLA's [investor website](#).

Audit  
Committee

Compensation and  
Talent Committee

Nominating and  
Governance Committee

**"I look forward to continuing to work alongside fellow Board members and the executive team to support and drive KLA's long-standing leadership in the global semiconductor and electronics manufacturing industry and help continue to deliver sustainable profitability and long-term value to stakeholders."**

*— Robert Calderoni,  
Chair, KLA Board of Directors*

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## Prioritizing ESG

Our commitment to embedding ESG and corporate responsibility into our governance continues to enable KLA's progress on our ESG journey. It allows us to consistently deliver positive results for our employees, customers and shareholders as well as to anticipate and manage internal and external influences like regulatory changes.

At KLA, the implementation of programs and strategies to achieve our ESG goals is overseen by the ESG Steering Committee, which is chaired by our Global ESG Leader and comprised of leaders from across the business. The ESG Steering Committee prioritizes cross-functional programs that engage a broad range of internal and external stakeholders so that our ESG activities help support increased business integration. The Global ESG Leader reports to KLA's Chief Strategy Officer (CSO) who has executive-level responsibility for ESG topics and reports directly to KLA's CEO to align on corporate ESG strategy and progress against KLA's goals.

The Global ESG Leader provides updates to the Nominating and Governance Committee of the Board. The Nominating and Governance Committee is responsible for monitoring KLA's policies, programs and strategies related to environmental stewardship, corporate citizenship, human rights and other social and public matters of significance to KLA.

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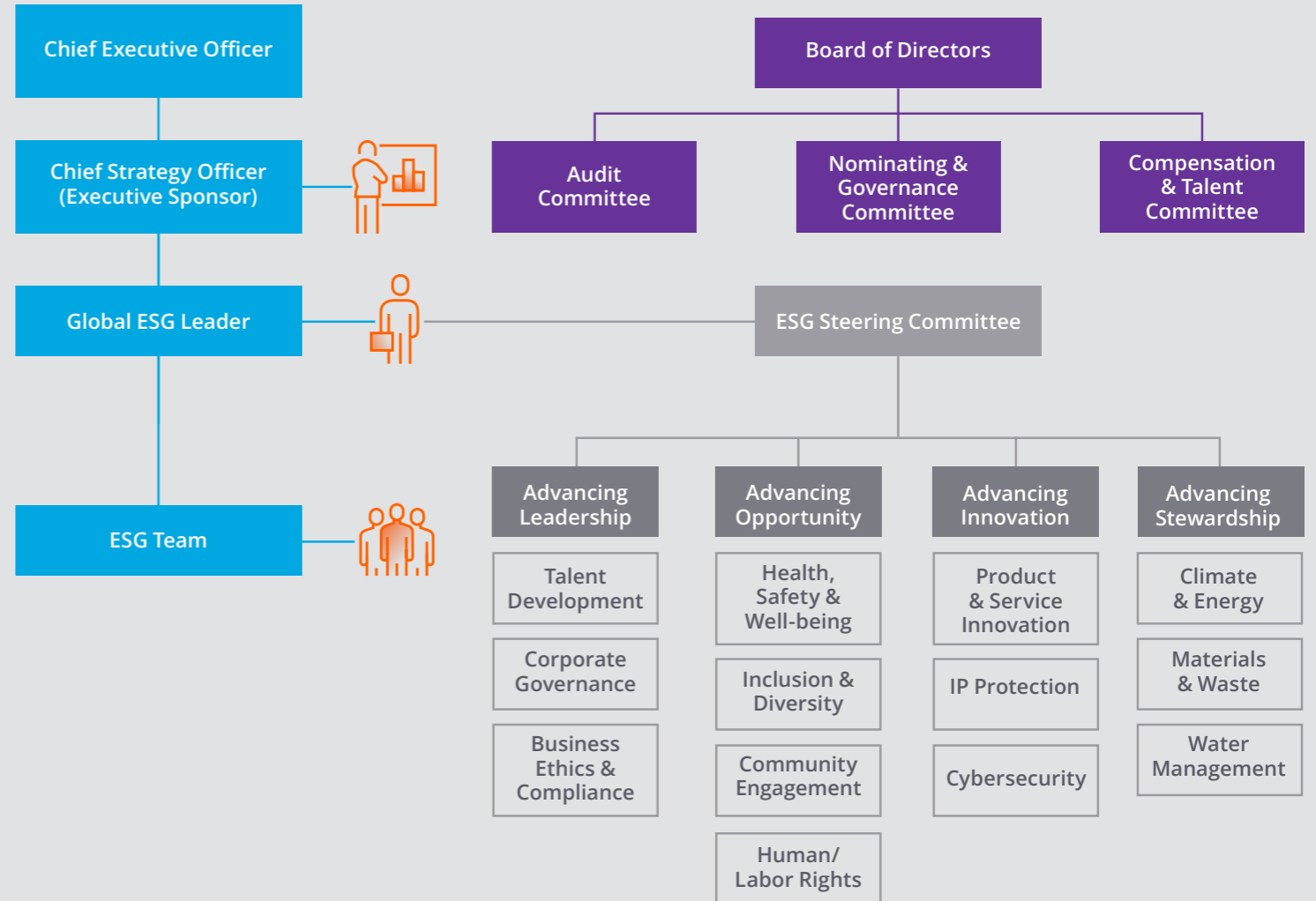
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## ESG Governance at KLA



# Business Ethics & Compliance

At KLA, we apply our values, policies and procedures to promote fair and consistent business practices. We are committed to continually assessing and maturing the effectiveness of our ethics and compliance programs to meet the requirements of the evolving regulatory and business environment.

## Compliance Structure

KLA's Chief Compliance Officer (CCO) updates the Board's Audit Committee and the CEO's staff on current and emerging risk and compliance issues every quarter. Our Compliance Effectiveness Program (CEP) informs the CCO's updates while providing regular risk and program assessments to pinpoint any significant legal and regulatory risks and potential necessary program enhancements, as laws and the business environment change.

KLA maintains risk management functions independent of the business. KLA's Horizon Committee, comprised of KLA's Chief Legal Officer, Chief Human Resources Officer, Chief Strategy Officer and Chief Financial Officer, conducts regular risk reviews of KLA's legal entities that operate outside of the United States to identify ethics and compliance risks as well as opportunities to enhance our compliance programs. In 2022, KLA conducted a review of its sites in the United Kingdom, Japan and South Korea.

## Leadership Commitment

KLA's Board of Directors and executive management are committed to continuously improving, maintaining and monitoring KLA's ethics and compliance programs. Each year, we devote substantial resources to these programs to deliver on this commitment.

In 2022, KLA's leadership expanded the investigation and trade compliance teams with new hires, invested in a new annual compliance disclosure process and privacy management application and converted our Values in Action training to a virtual format. To further mitigate compliance risks, we enhanced our non-employee worker onboarding process in early 2023.

Our executive management recognizes that a culture of high ethical standards and practices is reinforced by their actions. Our leadership strives to model ethical behavior by regularly asking questions, seeking guidance, raising issues and re-emphasizing important ethics and compliance messages with employees

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## Engaging Our Employees

KLA's ethics and compliance culture encourages employees to behave in a way that aligns with our values. We expect every employee to acknowledge that they have read, understand and will comply with our Standards of Business Conduct, and we assess how they have upheld KLA's values in the annual performance review process. And we monitor employee compliance with KLA policies through our Annual Compliance Disclosure process, which targets over 3,000 employees and asks them to certify compliance with specific aspects of the Standards of Business Conduct and disclose any instances of non-compliance.

In 2022, KLA conducted its biannual Ethical Culture Assessment in partnership with Ethisphere. This assessment provides important feedback about employee awareness of KLA's ethics and compliance programs, imbues a sense of transparency in raising concerns and reporting issues and provides greater perspective on organizational justice, among other topics. The results of the assessment demonstrated that KLA has made significant progress in the last two years to enhance and foster its ethical and speak up culture. Through this assessment, we have increased our overall scores and scored favorably in comparison to 45 other benchmark companies with similar annual revenue or sector presence.

Our Values in Action (VIA) training provides guidance on our values and business ethics. In 2021, we launched VIA training to over 1,000 KLA leaders at the director level and above. In 2022, we updated the training for wider distribution, creating online modules that are rolling out to employees as required training based on their roles and responsibilities.

## Whistleblower Policy

KLA's whistleblower and investigation programs are a critical complement to our compliance monitoring programs. In 2022, we conducted 107 investigations, resulting in eight terminations and the implementation of other remedial actions. To increase awareness of our whistleblower hotline, [EthicsPoint](#), KLA distributes electronic posters to all our offices worldwide. EthicsPoint is regularly used by our employees to report potential issues and we gain valuable insights from each investigation that are used to improve our compliance efforts. Over the past year, we strengthened KLA's investigation program by hiring additional data forensic investigators with tenures in law enforcement.

## Trade Compliance

As in previous years, global trade compliance issues were a major focus for KLA's ethics and legal compliance team in 2022. Particular attention was paid to Russia's invasion of Ukraine early in the year and the subsequent actions taken by the United States and other countries. There is also continued focus on the U.S.-China trade tensions, with additional U.S.-China export regulations issued in 2022, presenting new compliance challenges that are expected to continue into 2023. In response to these new regulations, KLA undertook numerous actions to ensure compliance, while enabling business where possible in compliance with the law.

Given the increasing complexities of the trade compliance environment, KLA instituted and continues to uphold enhanced system controls in our enterprise resource planning systems, as well as other controls for restricted parties and end uses.

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# Anti-Bribery & Corruption

KLA operates in many countries around the world including countries identified by independent third parties, such as Transparency International, as being at a higher risk for corrupt activities. Our [anti-bribery and corruption policies](#) are published in multiple languages on our internal platforms and is published on our public website in English.

We maintain a robust anti-bribery and corruption compliance program that serves the breadth of KLA's operations and is regularly evaluated for opportunities for improvement. We have an established tracking process for lobbying activity as part of our efforts to increase monitoring of and transparency into potentially higher risk activities. This process includes ongoing quarterly and annual reporting of any activity of KLA's registered U.S. lobbyists and any relevant corporate political activity. We also completed a third-party assessment of one of our channel partners in an identified higher-risk country in 2022 and we plan to conduct additional audits in 2023.

Other features of our anti-bribery and corruption compliance program include:

- Policies strictly prohibit employees and third parties with which KLA does business from engaging in any form of corruption
- A standalone anti-bribery and corruption training course created by subject matter experts. The majority of our employees are required to complete this training, with the only exemptions granted to those who have limited interaction with third parties. In addition, our senior management team have been given additional bespoke KLA training on anti-bribery as a module to the KLA Values in Action course.
- Annual training provided for all employees through KLA's Standards of Business Conduct training course
- Risk-based anti-corruption due diligence on third parties with the assistance of specialized third-party due diligence firms
- Routine monitoring and auditing of our employees and third parties to identify potential corruption

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# Governance & Ethics: Keep Looking Ahead

## NEXT STEPS IN 2023 AND BEYOND

In 2022, we completed the Ethics Quotient Benchmark to compare our practices to those of companies included on Ethisphere’s World’s Most Ethical Companies® List. This benchmark survey demonstrated the strength of KLA’s ethics and compliance program in numerous areas, such as its training and communication program, but it also revealed opportunities for enhancement, such as the need to establish an ethics and compliance ambassador or liaison network. In 2023, we plan to start an Ethics Liaison Network with local compliance liaisons appointed to extend the reach of our Ethics & Compliance team as we grow and become more globally widespread. The goal is for the network of liaisons and their regional Ethics and Legal Compliance team leaders to ensure the consistent application of key compliance policies and procedures “on the ground.” They will also be responsible for effectively listening to the business, helping address daily ethics and compliance challenges and mitigating business risks. We plan to address other program enhancements identified by the benchmark survey and as part of our continued efforts to improve our ethics and compliance program.

Moving forward, we will continue our ongoing risk reviews of KLA’s legal entities that operate outside of the United States. In 2023, we have already conducted reviews in India, Singapore, Israel, China and Taiwan and we plan to conduct a review of Germany later in 2023.

In 2023, KLA will conduct its Annual Compliance Disclosure and — with new functionality that allows for translated text in Hebrew and Traditional Chinese — expand the process to include employees in Israel, Taiwan and Hong Kong.

KLA is closely monitoring legislative and regulatory activity related to the development of ESG governance and reporting standards, including mandatory ESG disclosure regulations being developed by the U.S. Securities and Exchange Commission (SEC) and the European Union, as well as similar regulations in other markets. We continue to take a proactive approach to global legislative and regulatory activity and growing shareholder expectations around ESG reporting by advancing our disclosures in accordance with best practices in voluntary reporting frameworks. Many of these frameworks, including the [Global Reporting Initiative](#) and [CDP](#), will be considered in the development of emerging standards and regulations. We believe this approach will adequately prepare KLA to meet any new ESG disclosure obligations moving forward.

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	Standard	Disclosure	Description	Location/Response
	General Disclosures			
INTRODUCTION	<b>Organization and its reporting practices</b>			
PEOPLE	GRI 2-1		Legal name	<a href="#">KLA Corporation (KLA 2022 Annual Report, PDF page 17)</a>
PRODUCTS & SUPPLY CHAIN	GRI 2-1		Nature of ownership	<a href="#">KLA 2022 Annual Report, PDF page 17</a>
ENVIRONMENT	GRI 2-1		Location of headquarters	Milpitas, California ( <a href="#">KLA 2022 Annual Report, PDF page 57</a> )
GOVERNANCE & ETHICS	GRI 2-1		Countries of operation	<a href="#">18 regions</a>
	GRI 2-2		All entities included in sustainability reporting	<a href="#">KLA 2022 Annual Report PDF page 17</a>
	GRI 2-3		Reporting period, frequency of sustainability reporting and contact point for report questions	January 1 2022 – December 31 2022 Annual <a href="mailto:ESG@kla.com">ESG@kla.com</a>
<b>APPENDIX</b>	GRI 2-4		Restatements of information from previous reporting periods with explanation	No restatements were required for this report.
<b>GRI &amp; SASB Index</b>	GRI 2-5		External assurance	Selected GHG data in this report has been verified by a third-party assurance provider.
TCFD Index				
GHG Verification Statement				
Notes About This Report				

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<b>General Disclosures</b>			
<b>Activities and workers</b>			
	GRI 2-6	Sector(s) in which it is active	<a href="#">KLA 2022 Global Impact Report, About KLA</a>
	GRI 2-6	Activities, products, services and markets served	<a href="#">KLA 2022 Annual Report, PDF pages 15-24</a>
	GRI 2-6	Description of supply chain, downstream entities, and relevant business relationships	<a href="#">KLA 2022 Annual Report, PDF pages 24-25</a>
	GRI 2-6	Significant changes to the organization and its supply chain	<a href="#">KLA 2022 Annual Report, PDF page 17</a>
	GRI 2-7	Total number of employees and a breakdown of this total by gender and by region	<a href="#">KLA 2022 Global Impact Report, Our People</a> <a href="#">KLA 2022 Annual Report, PDF page 27</a>
	GRI 2-7	Full-time employees, and a breakdown by gender and by region	<a href="#">KLA 2022 Global Impact Report, Our People</a> <a href="#">KLA 2022 Annual Report, PDF page 27</a>
	GRI 2-7	Methodologies and assumptions used	<a href="#">KLA 2022 Global Impact Report, Our People</a> <a href="#">KLA 2022 Annual Report, PDF page 27</a>
	GRI 2-7	Fluctuations between reporting periods	<a href="#">KLA 2022 Global Impact Report, Our People</a> <a href="#">KLA 2022 Annual Report, PDF page 27</a>

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<b>General Disclosures</b>			
<b>Governance</b>			
	GRI 2-9	Governance structure and composition	<a href="#">KLA 2022 Global Impact Report, Corporate Governance &amp; ESG</a> <a href="#">KLA 2022 Proxy Statement, PDF pages 11-15</a>
	GRI 2-10	Nomination and selection of the highest governance body	<a href="#">KLA 2022 Proxy Statement, PDF page 10</a>
	GRI 2-11	Chair of the highest governance body	<a href="#">KLA Corporate Governance Standards, 11/4/2021, page 2</a>
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">KLA 2022 Global Impact Report, Corporate Governance &amp; ESG</a> <a href="#">KLA 2023 CDP Climate Change Report, C1.1a</a> <a href="#">KLA 2023 CDP Water Security Report, W6.2a</a>
	GRI 2-13	Delegation of responsibility for managing impact	<a href="#">KLA 2022 Global Impact Report, Corporate Governance &amp; ESG</a>
	GRI 2-14	Role of the highest governance body in sustainability reporting	The Nominating and Governance Committee of the Board is involved in the formal review and approval of the company's sustainability report.
	GRI 2-15	Conflicts of interest	<a href="#">KLA 2022 Global Impact Report, Business Ethics &amp; Compliance</a> <a href="#">KLA Standards of Business Conduct</a> <a href="#">KLA 2022 Proxy Statement, PDF page 27</a>
	GRI 2-16	Communication of critical concerns	<a href="#">KLA Standards of Business Conduct, PDF page 35</a>

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	GRI 2-19	Remuneration policies	<a href="#">KLA 2022 Proxy Statement, PDF page 44-60</a>
	GRI 2-20	Process to determine remuneration	<a href="#">KLA 2022 Proxy Statement, PDF page 44-61</a>
	GRI 2-21	Annual total compensation ratio	<a href="#">KLA 2022 Proxy Statement, PDF page 73</a>
<b>Strategy, policies and practices</b>			
	GRI 2-22	Statement on sustainable development strategy	<a href="#">KLA 2022 Global Impact Report, CEO Letter</a>
	GRI 2-23	Policy commitments	<a href="#">KLA 2022 Global Impact Report, Corporate Governance &amp; ESG</a> <a href="#">KLA 2022 Annual report, PDF pages 26-30</a> <a href="#">KLA Global Human Rights Standard</a>
	GRI 2-24	Embedding policy commitments	<a href="#">KLA 2022 Global Impact Report, Responsible Sourcing</a>
	GRI 2-26	Mechanisms for seeking advice and raising concerns	<a href="#">KLA 2022 Global Impact Report, Business Ethics &amp; Compliance</a> <a href="#">KLA Standards of Business Conduct</a> <a href="#">Supplier Standards of Business Conduct</a>
	GRI 2-27	Compliance with laws and regulations	<a href="#">KLA 2022 Annual report, PDF page 25</a> Over the past five years, we have not had any significant environmental fines or penalties.
	GRI 2-28	Memberships associations	<a href="#">KLA 2022 Global Impact Report, Stakeholder Engagement &amp; Collaboration</a> <a href="#">KLA 2022 Global Impact Report, Responsible Sourcing</a>

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<b>Stakeholder engagement</b>			
	GRI 2-29	Approach to stakeholder engagement	<a href="#">KLA 2022 Global Impact Report, Stakeholder Engagement &amp; Collaboration</a>
	GRI 2-30	Collective bargaining agreements	<a href="#">KLA 2022 Annual Report, PDF pages 27-28</a>
<b>Material Topics</b>			
<b>Materiality Assessment</b>			
	GRI 3-1	Process to determine material topics	<a href="#">KLA 2022 Global Impact Report, ESG Materiality Assessment</a>
	GRI 3-2	List of material topics	<a href="#">KLA 2022 Global Impact Report, ESG Materiality Assessment</a>
<b>GRI Topic Standards &amp; Disclosures</b>			
<b>Business Ethics &amp; Compliance</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Business Ethics &amp; Compliance</a> <a href="#">KLA Standards of Business Conduct</a>
	GRI 205-2	Communication and training about anti-corruption policies and procedures	<a href="#">KLA 2022 Global Impact Report, Business Ethics &amp; Compliance</a>
	GRI 205-3	Confirmed incidents of corruption and actions taken	<a href="#">KLA 2022 Global Impact Report, Business Ethics &amp; Compliance</a>

Standard	Disclosure	Description	Location/Response
<b>Materials &amp; Waste</b>			
GRI 3-3		Management of material topics	<a href="#">KLA 2022 Global Impact Report, Materials &amp; Waste</a> <a href="#">KLA Water and Waste Policy</a>
GRI 306-2		Management of significant waste-related impacts	<a href="#">KLA 2022 Global Impact Report, Materials &amp; Waste</a>
GRI 306-3		Waste generated	<a href="#">KLA 2022 Global Impact Report, Materials &amp; Waste</a>
GRI 306-4		Waste diverted from disposal	<a href="#">KLA 2022 Global Impact Report, Materials &amp; Waste</a>
<b>Climate &amp; Energy</b>			
GRI 3-3		Management of material topics	The manufacturing process for KLA products is relatively energy-intensive, which directly impacts the greenhouse gas emissions from our operations. To do our part to curb the impacts of climate change, KLA is taking a close look at the company's energy use and greenhouse gas emissions from our own operations, as well as impacts from our products in their use-phase. We also recognize that the earth is already experiencing some of the impacts of climate change, and it is important for KLA to understand the related physical and transitional risks to best protect our employees, facilities and ability to deliver on our commitments. <a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
GRI 302-1		Energy consumption within the organization	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
GRI 302-4		Reduction of energy consumption	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
SASB TC-SC-130a.1		Total energy consumed	In 2022, KLA consumed 226,242 MWh of energy, which includes both electricity and fuel consumption.

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Standard	Disclosure	Description	Location/Response
	SASB TC-SC-130a.1	Percentage of energy consumed from grid electricity	In 2022, 88% of our total energy consumption was from grid electricity.
	GRI 305-1; SASB TC-SC 110a.1	Direct (Scope 1) GHG emissions	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
	GRI 305-3	Other indirect (Scope 3) GHG emissions	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
	GRI 305-4	GHG emissions intensity	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
	GRI 305-5	Reduction of GHG emissions	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
	SASB: TC-SC-110a.1	Amount of total emissions from perfluorinated compounds	KLA does not utilize perfluorinated compounds in its operations, with the exception of one site in Newport, Wales, U.K. KLA assesses the process gases at the Newport site but excludes them from the GHG accounting due to the high destruction efficiency rate (99.99%) of these gases by onsite technology.
	SASB: TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	<a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy</a>
<b>Water Management</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Water Management</a> <a href="#">KLA Water and Waste Policy</a>
	GRI-303-3 SASB:TC-SC-140a.1	Water withdrawal	<a href="#">KLA 2022 Global Impact Report, Water Management</a>

Standard	Disclosure	Description	Location/Response
<b>Talent</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Talent</a>
	GRI 401-1	New employee hires and employee turnover	<a href="#">KLA 2022 Annual Report, PDF page 27</a>
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">KLA 2022 Annual Report, PDF page 27</a> <a href="#">KLA Careers</a>
	GRI 404-1	Average hours of training per year per employee	<a href="#">KLA 2022 Global Impact Report, Talent</a>
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">KLA 2022 Global Impact Report, Talent</a>
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	>99% <a href="#">KLA 2022 Global Impact Report, Talent</a>
	SASB: TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	<a href="#">KLA 2022 Annual Report, PDF page 27</a>
<b>Responsible Sourcing</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Responsible Sourcing</a>



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Standard	Disclosure	Description	Location/Response
<b>Health, Safety &amp; Wellbeing</b>			
GRI 3-3		Management of material topics	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being Environmental, Health &amp; Safety Policy</a>
GRI 403 - 1		Occupational health and safety management system	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being</a>
GRI 403-2 SASB: TC-SC-320a.1		Hazard identification, risk assessment and incident investigation	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being</a>
GRI 403-5		Worker training on occupational health and safety	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being</a>
GRI 403-6		Promotion of worker health	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being</a>
GRI 403-8		Workers covered by an occupational health and safety management system	100% of our employees are covered by our safety programs.
GRI 403-9		Work-related injuries	<a href="#">KLA 2022 Global Impact Report, Health, Safety &amp; Well-Being</a>

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Standard	Disclosure	Description	Location/Response
<b>Inclusion &amp; Diversity</b>			
GRI 3-3		Management of material topics	KLA's chief inclusion and diversity officer and senior vice president (SVP) of talent management sets the direction of the company's inclusion and diversity (I&D) efforts. The chief inclusion and diversity officer and SVP of talent management reports quarterly on I&D key performance metrics and programs to the Compensation Committee of the Board of Directors. The director of global I&D leads a team of employees dedicated to integrating I&D across the organization and providing employees with the necessary knowledge and tools to contribute to such efforts. The I&D team partners closely with the KLA human resources team to ensure benefits, compensation and recruitment efforts purposefully consider the company's commitment to I&D. Members of the KLA leadership team are constantly messaging the importance of I&D to their teams through global trainings, all-staff emails and the KLA intranet. This personal communication from the top of the organization helps to cascade the message and build a consistent culture throughout the organization. The HR business partners are an extended I&D team as well. (KLA 2022 Global Impact Report, Inclusion & Diversity)
GRI 405-1		Diversity of governance bodies and employees	<a href="#">KLA 2022 Global Impact Report, Inclusion &amp; Diversity</a> <a href="#">KLA 2022 Annual Report, PDF page 28</a>

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Standard	Disclosure	Description	Location/Response
<b>Product Stewardship &amp; Innovation</b>			
	GRI 3-3	Management of material topics	KLA's approach to managing innovation is overseen by the engineering leads of the different business areas based on product offering. Engineering leads communicate innovation plans, objectives and corresponding needs through an annual strategic planning process. One of the results of the strategic planning process is a balance scorecard which tracks the objectives set by the executive leadership team and functional leaders. The scorecard is used to ensure alignment in the direction of product development and accountability for accomplishing objectives. To encourage standardization across the organization, KLA has one product lifecycle process (PLC) which defines the steps for driving innovation, and subsequent product development and product lifetime management in the field. The PLC provides guidelines from cradle to grave, including the following stages of product/service development: concept, prototype, integration into tools, qualification for sale, rollout to customers and maintaining viability and affordability. The PLC outlines key performance indicators and considerations for our product teams to track as they move throughout the innovation and development process. KLA invests heavily in training opportunities for employees to encourage innovation and empower individuals to contribute to the development of next-generation technologies. (KLA 2022 Global Impact Report, Product Stewardship & Innovation)
	SASB: TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The majority of KLA products, by revenue, contain declarable substances.
	SASB: TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Omission statement: This metric is not relevant to KLA as the company does not produce semiconductors. However, KLA does enable chip makers to produce more efficient chips, and we also deploy much computing in KLA products themselves, and hence our products function with far greater relative energy efficiency as processor efficiencies improve.
	SASB: TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	<a href="#">KLA 2022 Global Impact Report, Product Stewardship &amp; Innovation</a>

Standard	Disclosure	Description	Location/Response
<b>Community Engagement</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Community Engagement</a>
	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">KLA 2022 Global Impact Report, Community Engagement</a>
<b>Cybersecurity &amp; IP Protection</b>			
	GRI 3-3	Management of material topics	<a href="#">KLA 2022 Global Impact Report, Cybersecurity, IP Protection</a>

# TCFD Index

	<b>Disclosure</b>	<b>Location</b>
	<b>Governance</b>	
	Describe the board’s oversight of climate-related risks and opportunities.	<a href="#">KLA 2023 Global Impact Report, Corporate Governance &amp; ESG</a> <a href="#">KLA 2023 CDP Climate Change Report, C1.1a, C1.1b</a> <a href="#">Charter of the Nominating and Governance Committee</a>
INTRODUCTION	Describe management’s role in assessing and managing climate-related risks and opportunities.	<a href="#">KLA 2023 CDP Climate Change Report, C1.2</a>
	<b>Strategy</b>	
PEOPLE	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">KLA 2023 CDP Climate Change Report, C2.3, C2.3b, C2.4, C2.4b</a>
PRODUCTS & SUPPLY CHAIN	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<a href="#">KLA 2023 CDP Climate Change Report, C3.1, C3.3, C3.4</a>
ENVIRONMENT	Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<a href="#">KLA 2023 CDP Climate Change Report, C3.1, C3.2</a> <a href="#">KLA 2022 Global Impact Report, Product Stewardship &amp; Innovation; Climate &amp; Energy; GHG Inventory</a>
	<b>Risk Management</b>	
GOVERNANCE & ETHICS	Describe the organization’s processes for identifying and assessing climate-related risks.	<a href="#">KLA 2023 CDP Climate Change Report, C2.1, C2.1a, C2.1b, C2.2, C2.2a</a>
	Describe the organization’s processes for managing climate-related risks.	<a href="#">KLA 2023 CDP Climate Change Report, C2.1a, C2.2, C3.2a, C3.2b</a>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	<a href="#">KLA 2023 CDP Climate Change Report, C2.1, C2.2</a>
	<b>Metrics &amp; Targets</b>	
	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<a href="#">KLA 2023 CDP Climate Change Report, C2.1a, C2.1b, C2.2, C2.2a</a>
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<a href="#">KLA 2023 CDP Climate Change Report, C6.1, C6.2, C6.3, C6.4, C6.5</a> <a href="#">KLA 2022 Global Impact Report, Climate &amp; Energy; GHG Inventory</a>
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<a href="#">KLA 2023 CDP Climate Change Report, C4.2, C4.2a</a> <a href="#">KLA 2022 Global Impact Report, Our Climate Goals</a>

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## VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of KLA Corporation

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions and energy consumption reported by KLA Corporation (KLA) for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of KLA. KLA is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

### **Boundaries of the reporting company GHG emissions covered by the verification:**

- Operational Control
- Worldwide

**Types of GHGs:** CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs, VOCs

**Exclusions:** SF<sub>6</sub>

### **GHG Emissions and Energy Consumption Statement:**

- **Total Purchased Grid Electricity:** 198,949 MWh
- **Purchased Renewable Electricity:**
  - **Renewable Portion of Grid Purchased Renewable Electricity:** 74,673 MWh
  - **Energy Attribute Certificates (EACs) Retired:** 34,953 MWh
  - **Total Purchased Renewable Electricity (Grid Purchase + EACs):** 109,626 MWh
- **Total Percent Renewable Electricity:** 55.1%
- **Year-over-Year Change in Electricity Consumption (RY2021 to RY2022):** 0.9% increase
- **Year-over-Year Change in GHG Emissions (RY2021 to RY2022, Scope 1 + Scope 2 Market-Based):** 7.0% decrease
- **Scope 1:** 7,964 metric tons of CO<sub>2</sub> equivalent
- **Scope 2 (Location-Based):** 68,258 metric tons of CO<sub>2</sub> equivalent
- **Scope 2 (Market-Based):** 36,955 metric tons of CO<sub>2</sub> equivalent
- **Scope 3:**
  - **Purchased Goods and Services:** 775,692 metric tons of CO<sub>2</sub> equivalent
  - **Capital Goods:** 17,250 metric tons of CO<sub>2</sub> equivalent
  - **Fuel- and Energy-Related Activities:** 19,805 metric tons of CO<sub>2</sub> equivalent
  - **Upstream Transportation and Distribution:** 175,008 metric tons of CO<sub>2</sub> equivalent
  - **Waste Generated in Operations:** 462 metric tons of CO<sub>2</sub> equivalent

- **Business Travel:** 44,519 metric tons of CO<sub>2</sub> equivalent
- **Employee Commuting:** 14,547 metric tons of CO<sub>2</sub> equivalent
- **Use of Sold Products:** 3,221,137 metric tons of CO<sub>2</sub> equivalent

Data and information supporting the Scope 1 and Scope 2 GHG emissions and electricity consumption statement were generally historical in nature, and in some cases estimated.

Data and information in Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

**Period covered by GHG emissions verification:**

- January 1, 2022 to December 31, 2022

**Criteria against which verification conducted:**

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2)
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)
- Internal Company Protocol: KLA Greenhouse Gas Inventory Management Plan v3.0 (Renewable Electricity and Percent Renewable Electricity)

**Reference Standard:**

- ISO 14064-3 Second edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- Electricity consumption was also verified using the principles and requirements of ISO 14064-3 as part of the verification process.

**Level of Assurance and Qualifications:**

- Limited
- This verification used a materiality threshold of  $\pm 5\%$  for aggregate errors in sampled data for each of the above indicators

**GHG Verification Methodology:**

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of KLA and third-party associates;
- Review of documentary evidence produced by KLA and third-party associates;
- Review of KLA data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions and electricity consumption;
- Site visit to the KLA Milpitas Manufacturing Facility; and
- Audit of sample of data used by KLA to determine GHG emissions and electricity consumption.

**Verification Opinion:**

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions and electricity consumption data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2) and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that KLA has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions and electricity consumption for the stated period and boundaries.

**Statement of independence, impartiality and competence**

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with KLA, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

**Attestation:**A handwritten signature in black ink that reads 'Megan K. O'Neil'.

Megan O'Neil, Lead Verifier  
ESG Program Manager  
Apex Companies, LLC

A handwritten signature in blue ink that reads 'David Reilly'.

David Reilly, Technical Reviewer  
ESG Principal Consultant  
Apex Companies, LLC

June 8, 2023

*This verification opinion declaration, including the opinion expressed herein, is provided to KLA and is solely for the benefit of KLA in accordance with the terms of our agreement. We consent to the release of this declaration by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this declaration.*



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Certain statements in this report, and documents that are incorporated by reference into this report, contain certain forward-looking statements. You can identify these and other forward-looking statements by the use of words such as “will,” “expects,” “plans,” “seeks” or the negative of such terms, or other comparable terminology. Such statements may include, but are not limited to, statements pertaining to: our growth; the performance, impact, and benefits of our products and technologies; our strategies; our priorities, goals, and objectives; market trends; and other predictions and estimates, including our Scope 1 and 2 emissions goals, our renewable electricity goals, and the timing of the publication of our Scope 3 emissions goals. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. These forward-looking statements are based on current information and expectations and involve a number of risks and uncertainties. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Actual results and actual events may differ materially from those projected in such statements due to various factors, including but not limited to: our ability to achieve the various environmental, social and corporate governance plans, goals and commitments set forth in this report and unexpected delays, difficulties, and expenses in executing against such plans, goals and commitments; impacts of climate change or

of any actions, by various parties, taken to mitigate or adapt to climate change; our vulnerability to a weakening in the condition of the financial markets and the global economy; risks related to our international operations; evolving bureau of industry and security rules and regulations and their impact on our ability to sell products to and provide services to certain customers in China; costly IP disputes that could result in our inability to sell or use the challenged technology; risks related to the legal, regulatory and tax environments in which we conduct our business; increasing attention to ESG matters and the resulting costs, risks and impact on our business; unexpected delays, difficulties and expenses in executing against our environmental, climate, diversity and inclusion or other ESG target, goals and commitments; our ability to attract, retain and motivate key personnel; our vulnerability to disruptions and delays at our third party service providers; cybersecurity threats, cyber incidents affecting our and our business partners’ systems and networks; our inability to access critical information in a timely manner due to system failures; our ability to identify suitable acquisition targets and successfully integrate and manage acquired businesses; climate change, earthquake, flood or other natural catastrophic events, public health crises such as the COVID-19 pandemic or terrorism and the adverse impact on our business operations; lack of insurance for losses and interruptions caused by terrorists and acts of war, and our self-insurance of certain risks including earthquake risk; risks related to fluctuations in foreign currency exchange rates; risks related to fluctuations

in interest rates and the market values of our portfolio investments; risks related to tax and regulatory compliance audits; any change in taxation rules or practices and our effective tax rate; compliance costs with federal securities laws, rules, regulations, NASDAQ requirements, and evolving accounting standards and practices; ongoing changes in the technology industry, and the semiconductor industry in particular, including future growth rates, pricing trends in end-markets, or changes in customer capital spending patterns; our vulnerability to a highly concentrated customer base; the cyclicity of the industries in which we operate; our ability to timely develop new technologies and products that successfully address changes in the industry; our ability to maintain our technology advantage and protect proprietary rights; our ability to compete in the industry; availability and cost of the materials and parts used in the production of our products; our ability to operate our business in accordance with our business plan; risks related to our debt and leveraged capital structure; we may not be able to declare cash dividends at all or in any particular amount; liability to our customers under indemnification provisions if our products fail to operate properly or contain defects or our customers are sued by third parties due to our products; our government funding for R&D is subject to audit, and potential termination or penalties; we may incur significant restructuring charges or other asset impairment charges or inventory write offs; and we are subject to risks related to receivables factoring arrangements and compliance risk of certain settlement agreements with the government.

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Additionally, the standards and metrics used, and the expectations and assumptions they are based on, have been subject to certain internal and third-party verification procedures. However, certain disclosures may be based on assumptions or estimates due to inherent measurement uncertainties. Standards and metrics used in preparing this report, including any underlying data used in preparing such metrics, continue to evolve and are based on expectations and assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. Moreover, our disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control.

We also refer you to those factors discussed in “Risk Factors” included in documents that we file from time to time with the SEC, including KLA’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by all these factors. KLA Corporation assumes no obligation to, and does not currently intend to, update these forward-looking statements.

You should not place undue reliance on any forward-looking statement. We do not have, and expressly disclaim, any obligation to update or revise any forward-looking

statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. This report also contains matters that may be significant, however, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with the U.S. federal securities laws, even if we use the word “material” or “materiality” in this report. Given the uncertainties and assumptions required to make some of the disclosures in this report, and the timelines involved, materiality is inherently difficult to assess far in advance. Moreover, given the inherent uncertainty of the estimates, assumptions and timelines contained in this report, we may not be able to anticipate whether or the degree to which we will or will not be able to meet our plans, targets or goals in advance.



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