

GLOBAL IMPACT REPORT

2019-2020

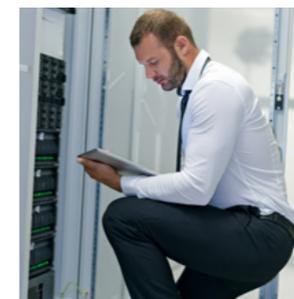
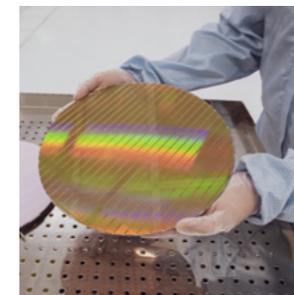
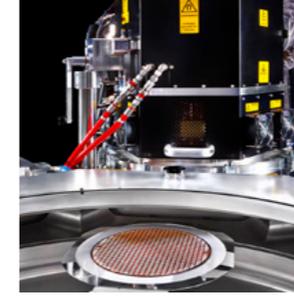


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+ Standing Together to Advance Humanity

2020 was a year unlike any other. Despite all the challenges, together, we grew stronger. True to our KLA values, we never gave up on our drive to be better at work and in our communities.

When COVID-19 disrupted our normal operations, our top priority was keeping our employees and their families safe, especially those whose jobs could only be done onsite. Our teams mobilized quickly to implement temperature checks and daily testing for essential staff.

As communities struggled to secure personal protective equipment (PPE), we jumped into action to help. For example, our global operations team repurposed our 3D printers to produce face shields for healthcare workers, and our procurement department helped the Valley Medical Foundation in San Jose, California, procure more than \$300,000 in PPE supplies, with the KLA Foundation donating \$100,000 in support of the effort.

When racial injustice ignited unrest within the United States and abroad, we stood strong in our commitment to racial equity. We listened carefully, had deep conversations and reaffirmed our pledge that no form of racism will be tolerated at KLA.

Throughout it all, we forged ahead on our environmental, social and governance (ESG) journey. We leaned into business and societal challenges by helping develop the technology to address them and continuing the important work of the KLA Foundation.

We're proud of the work we did to develop our corporate ESG strategy during 2019 and 2020, and we are excited to report progress on our initiatives.

We remain even more committed to our purpose of advancing humanity in everything we do—through innovation, stewardship, opportunity and leadership. True to the KLA name, we'll Keep Looking Ahead™ and working toward a world that's more just, more equitable and more sustainable.



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+ Our ESG Strategy

Our ESG activities are an integral part of our mission to advance humanity through devices and ideas that transform our future and shape our world. Our ESG strategy serves as a roadmap to get us there—informing our decisions, holding us accountable for progress within our business and our communities, and helping our customers achieve their own ESG goals.

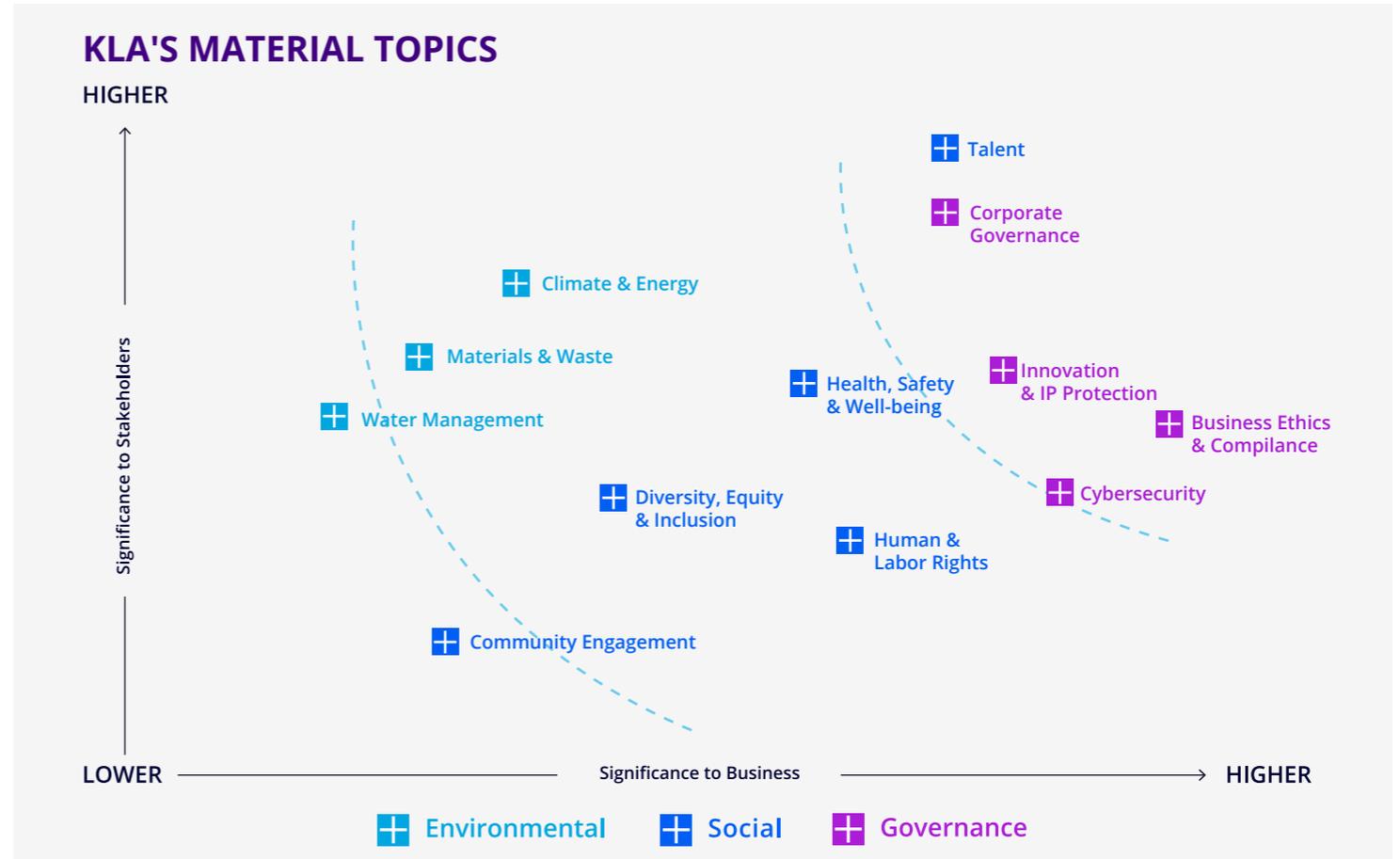
Our corporate citizenship journey began when we opened our doors in 1976 and has always been an important part of our work. Today, we're expanding our efforts to be more holistic across the ESG topics most relevant to our business and broadening our reporting to be more inclusive of our global footprint and recently acquired companies. Looking ahead, we are building out our long-term ESG strategy with an eye toward reducing our climate impact, increasing disclosure and deepening the positive impact we deliver through our business and community engagement.

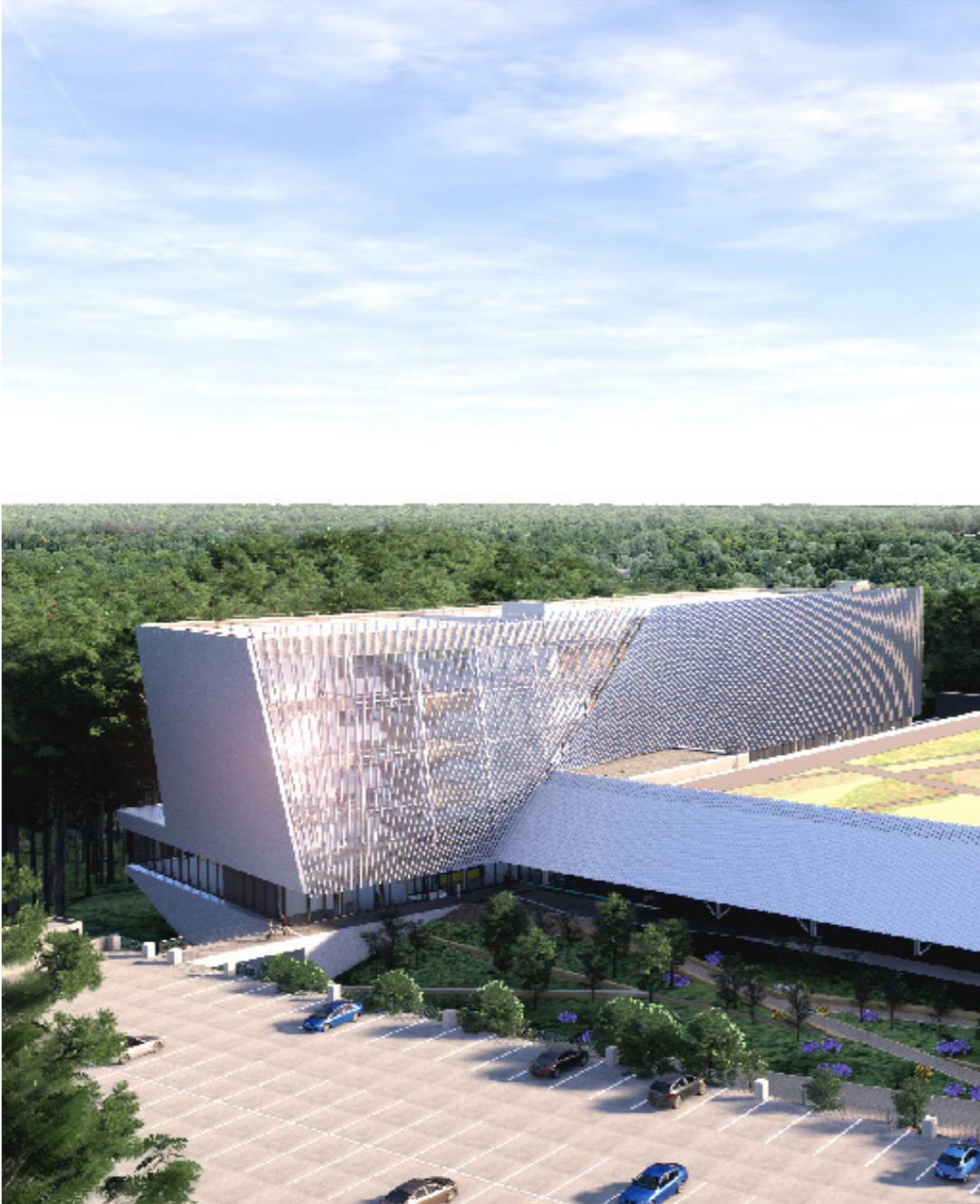
In 2019, we conducted a materiality assessment to identify and prioritize our ESG activities. To further that work in 2020, we partnered with a third-party consultant to update and broaden the assessment. We engaged our employees through a companywide survey and focus group discussions, our executive team and investors through interviews, and our peers and industry leaders through benchmarking. Collecting the perspectives from a range of KLA stakeholders helped us discover insights we used to develop a robust ESG strategy that takes on our biggest opportunities

and addresses areas of risk, such as operating in a carbon-constrained world. Please see the results of our 2020 assessment in the matrix below.

In 2020, we formed an ESG Steering Committee composed of KLA executives who oversee our strategy under the guidance of our Board of Directors. The Steering Committee was highly

involved in the materiality assessment and the development and approval of a three-year roadmap to address the gaps, risks and opportunities surfaced through the effort. We will continue to assess our strategy going forward and refresh it regularly to ensure we're on track to do the right thing for our planet, our communities and our stakeholders.





About this Report

When preparing this report, we considered recommended disclosures from the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) for the semiconductor industry. For more detailed disclosure aligned with these standards, see the [content index](#) at the end of this report.

Due to the quickly changing business environment in 2020, the ongoing integration of our Orbotech/SPTS acquisitions, and the advancement of our ESG strategy, we did not issue an ESG report for 2019. Unless otherwise noted, the data in this report cover KLA's global operations for both calendar years 2019 and 2020.

This 2019-2020 Global Impact Report contains certain statements, other than statements or characterizations of historical fact, such as 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 are forward-looking statements and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. The full forward-looking statement for this report can be found on [page 75](#) of this report.

+ A Letter From Our CEO



A handwritten signature in black ink that reads "Rick Wallace". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rick Wallace
President and Chief Executive Officer

Making an impact that contributes to advancing humanity has long been a part of the KLA DNA. This is the North Star strategy we apply to how we innovate and deliver for customers, invest in our employees and contribute to the communities where we work and live. It is with that foundation that I am pleased to share with you this year's KLA Global Impact Report. Summarizing the progress we have made across 2019 and 2020, this report is proof of the perseverance and drive to be better that has been at the core of our efforts through some of the most unprecedented times we have seen.

This year's report is different for us. We took the time to evaluate and understand the priorities of our stakeholders to allow us to prioritize our environmental, social and governance objectives to focus on for 2020 and beyond. This year, for the first time, we are reporting KLA's Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions. This accomplishment acknowledges the closing and integration of our Orbotech acquisition over the past two years. With this acquisition we increased our employee count by 40% and our global facilities footprint by 40%. Through our work over the past year we can now share integrated metrics and progress against our global impact objectives. Bringing these companies together also gives us the opportunity to achieve greater global impact in the years to come.

In 2020 we formalized and declared our commitment to inclusion and diversity, a strategy grounded in our values that allowed us to come together when issues of social justice arose worldwide. We recognize that KLA has a long journey ahead, but we know we have charted the right path and collectively we all are working together to make KLA even better and more inclusive. We remain resolute in our commitment to building inclusion in the workplace and to doing our part to extend this commitment to the communities where we live through the activities of the KLA Foundation.

We will all look back at 2020 as a year like no other. The global pandemic delivered tremendous hardship and loss with no boundaries, and the full impact is still unknown. Through this journey, we learned a lot and continue to identify best practices to keep in place as we evolve how we work. We know that our future will continue to prioritize health and safety while finding the right way to retain our productivity and continue our delivery of leading innovation. None of this would have been possible without the KLA global teams who continue to impress and grow in ways we never expected.

I am proud of the progress you will find in the pages of this report and excited at the platform this is giving us to continue to make great impact in all we do to advance humanity.

+ Business Snapshot and ESG Highlights

Virtually every device that uses semiconductor technology—from cellphones to autonomous cars—depends on KLA systems and software to get from idea to reality. Our leading-edge technology and devices help manufacturers increase yield by finding defects and variations that affect chip performance. Higher yield means less waste, therefore helping our customers reach their own sustainability goals.

Despite the challenges of 2020, the past two years brought tremendous growth for our business. With increased growth comes increased responsibility to be a strong corporate citizen across ESG topics.

In February of 2019, we completed our acquisition of Orbotech/SPTS. We also changed our name to KLA Corporation and adopted the tagline Keep Looking Ahead™ to reflect our optimistic view of the positive impacts technology can have on the world.



2020 Business Snapshot



19

countries in which KLA has facilities



10,700

employees



58,500

tools in use worldwide



\$2.6 billion

invested in R&D over the past four years



\$6.1 billion

pro forma revenues in 2020

2019-2020 ESG Program Highlights

Our ESG program highlights from 2019 and 2020 included:

	<h3>Advancing Innovation</h3>
	<h3>Advancing Stewardship</h3>
	<h3>Advancing Opportunity</h3>
	<h3>Advancing Leadership</h3>

- Received the Intel 2020 Supplier Achievement Award for extraordinary results in technology
- Became the first semiconductor equipment company to be accepted as an associate member of the Automotive Electronics Council (2019)
- Named one of The Best Suppliers of 2019 by VLSI Research for highest technical leadership and application support

- SPTS Technologies (SPTS) received the Queen’s Award for Innovation in Enterprise, which also recognized the SPTS organization’s environmental policies and contribution to society
- SPTS received the Investors in People Gold Standard in 2019, making it one of only a few companies in the manufacturing sector to achieve a Gold Standard

- 100% carbon-free electricity at Milpitas and Belgium sites
- 100% waste diversion at SPTS Wales site

- 88% waste diversion at Milpitas site in 2020
- 85% completion of the Responsible Business Alliance Supplier Assessment Questionnaire by key suppliers

- Established an Inclusion and Diversity (I&D) team, named a chief inclusion and diversity officer and rolled out a global I&D strategy
- Donated \$8.5 million in total 2020 community giving* including:
 - \$2 million for global COVID-19 relief
 - \$1 million to address systemic racial inequities

- \$1.5 million Social Equity Fund in collaboration with the American Heart Association
- \$1 million in grants to nonprofit organizations around the world
- \$1.6 million in employee giving
- \$1.4 million in employee donation matching

- Hired our first chief information security officer and chief compliance officer in 2019
- 100% of employees engaged with trainings offered through the Corporate Learning Center

- 80+% of employees perceive KLA as flexible and a company that makes changes to stay ahead of the competition
- \$5.2 million in higher education grants provided to children of KLA employees since 2001

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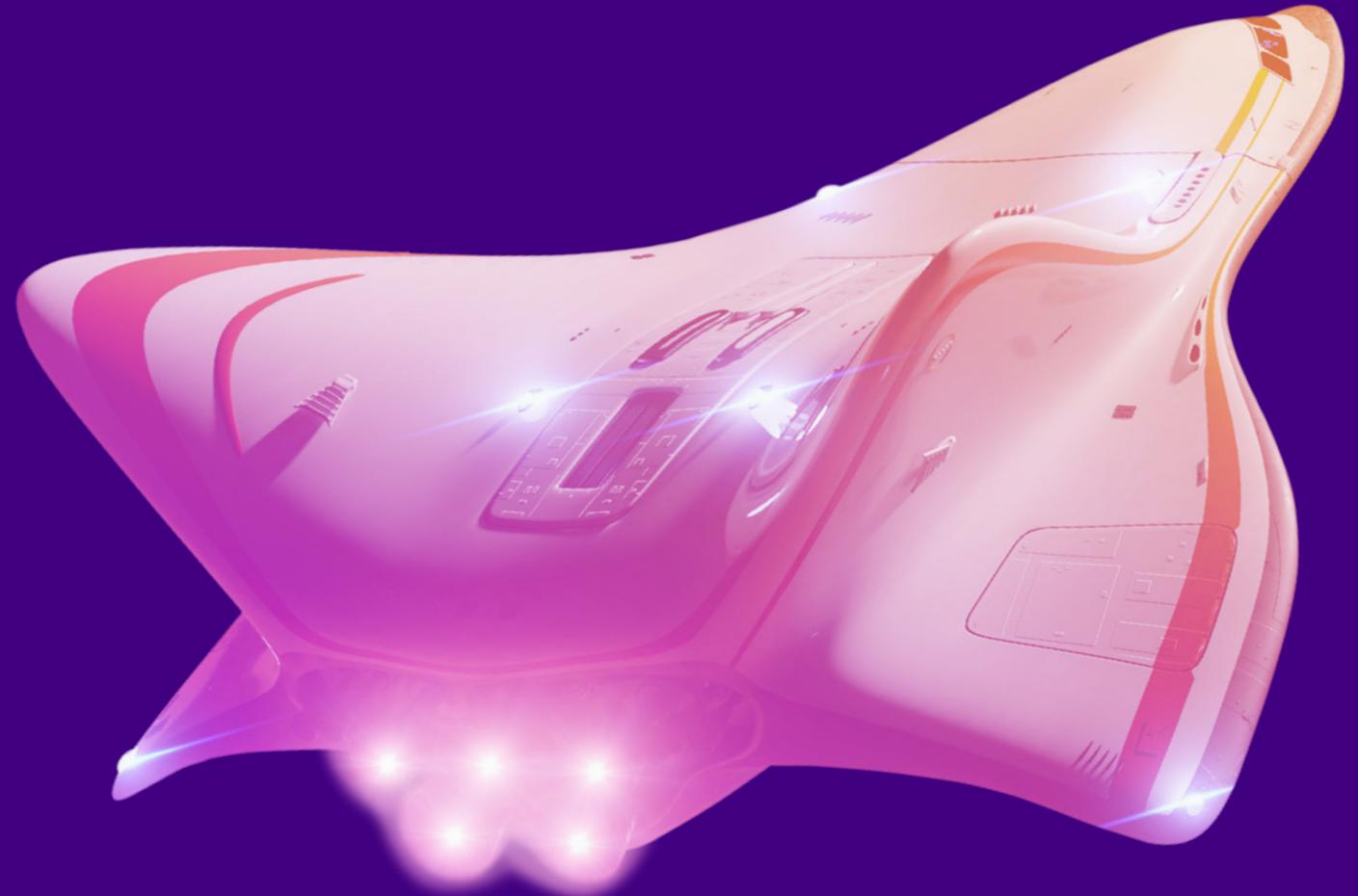
Advancing Opportunity

Advancing Leadership

Advancing Humanity

We believe in the power of people, innovation and technology to take humanity where it has never gone before.

Since our founding, KLA has used our expertise and innovative thinking to overcome monumental challenges and improve lives. Our work is ongoing—a journey of discoveries that holds the key to a more fulfilling future. By making strides in innovation, stewardship, opportunity and leadership, we continue to advance humanity with technologies that touch lives and ideas that inspire action.



+ Making Life Better with Every Innovation

We make a meaningful impact on society by enabling technology solutions that can be used to push limits, protect the environment and revolutionize industries. From space missions and self-driving cars to emergency service calls and life-saving technologies, the world depends on the innovations we enable every day.

With the KLA Operating Model as our North Star, we stay aligned around a consistent strategy, guided by a work ethic of accountability and continuous improvement, and focused on enhancing stakeholder value—all supported by a foundation of sustainable profitability and growth. United by our values, we believe that by welcoming diverse cultures, experiences and opinions, we can develop technologies and ideas that transform our lives and shape our future.



The KLA Operating Model

Focused on Driving Sustainable Profitability and Growth



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Our Areas of Impact

We organize our ESG strategy into four pillars based on the areas where we have the greatest opportunity to make a positive impact:



Advancing Innovation

We tackle our customers' most complex problems through significant investment in research and development, collaborative teams and a passion for excellence.



Advancing Stewardship

By introducing programs to reduce greenhouse gas emissions, conserve water and decrease waste streams, we're advancing stewardship and shaping a more sustainable future.



Advancing Opportunity

We strive to help build a world where everyone can reach their full potential. That means keeping our employees healthy and happy, nurturing an ethical, inclusive and diverse culture, strengthening our communities and ensuring that we uphold human rights and safe working conditions across our supply chain.



Advancing Leadership

Our solutions move industries forward, but our people make it happen. We empower today's leaders—and tomorrow's—by infusing our foundational values into everything we do.

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Our Values Drive Our Every Move

Perseverance

We never give up, no matter how difficult the challenge.

“Perseverance is so important because our work is so technical and difficult, and that takes grit. It takes determination. That’s why we never give up.”

MaryBeth Wilkinson
Executive Vice President, Chief Legal Officer, Corporate Secretary

Drive to Be Better

There is always more to learn and more room to improve.

“Don’t be satisfied with the current situation, status, process or result. Everything is about continuous improvement.”

Takeshi Fukami
Country President, KLA Japan

High Performance Teams

We rely on each other and our different points of view to come up with solutions that matter.

“A high performance team is able to look at any solution or crisis in a holistic way to take into account everyone’s views, opinions and needs.”

Susan Wagner
Vice President, Global Workplace Services

Honest, Forthright and Consistent

We believe that respectful, honest conversations spark the most innovative solutions.

“Part of being honest, forthright and consistent is having self-awareness—knowing when something you’re trying isn’t working, and being willing to change directions.”

Laurie Saims
Vice President, Chief Information Security Officer

Indispensable to Customers

No one else can provide the unique, differentiated products, capabilities or services that KLA offers.

“We want to go after really hard problems. That’s how we’ve become indispensable to our customers.”

Dominic David
Country President, KLA India

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Advancing Innovation

Inspired by some of the brightest, most diverse minds in the industry, we create the ideas and devices that keep the world moving forward.

Innovation has been part of our DNA since the launch of our ground-breaking mask inspection tool in 1976—a solution that paved the way for KLA to become the global technology leader we are today. With every new idea and every unique discovery, we demonstrate our passion for technology. We invest beyond our industry peers in research and development and make long-term technology investments so we can proactively meet our customers' needs and keep looking ahead to the next life-changing breakthrough.



+ Pushing Limits and Creating Possibilities

KLA's innovative solutions make virtually every device possible—from smart watches and driverless cars to virtual reality experiences and factory robotics.

We enable technologies that matter—including those that will sustain our planet and advance humanity for future generations.

By uncovering ways to reduce our own environmental impact, as well as help our customers minimize theirs, we can make a difference that goes beyond the electronics industry. And it all starts in a place where diverse people, ideas and experiences can flourish.

“Without brilliant innovations and unpredictable breakthroughs—including those from KLA—chips couldn't do the things they do today. And the industry just couldn't move forward.”

Brian Haas
Vice President of Central Engineering

“The world faces a massive issue with climate change and the solution is going to be technology. That will come in the form of sustainable energy and more energy efficiency. For me, solving those issues starts with KLA and how we enable that technology. Because without companies like us, the future would be pretty bleak.”

Paul Rich
Vice President, SPTS Technologies, a KLA company

“I love how KLA supports innovation from the inside. The best thing about my role is getting an opportunity to see my ideas come to reality and help solve the challenges faced by our customers. I like how KLA's products ultimately deliver technologies that make a positive and lasting impact on people's lives.”

Sneha Kamat
Mechanical Design Engineer

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+ Solutions That Speed Progress and Spare the Environment

Product Innovation

We are always looking for new approaches and fresh perspectives to anticipate and solve our customers' biggest challenges—whether they need to increase manufacturing efficiencies or reduce their environmental impact. To do that, we start with our own operations, improving efficiencies wherever we can.

In 2019, KLA completed the acquisition of Orbotech, Ltd., the parent firm of SPTS Technologies. The acquisition helps us meet the changing needs of our customers and the industry, as well as enter new markets, including specialty semiconductor processing, advanced packaging, printed circuit board (PCB) manufacturing and flat panel display.

“As part of KLA’s Drive to Be Better, I’m constantly seeing innovation coming from people across the company. That’s part of what makes this company special.”

Kevin McAndrews
Vice President, Intellectual Property

Our Product Families

KLA provides cutting-edge technology and devices using advanced inspection tools, metrology systems and computational analysis. From process control to process enablement, KLA solutions help spark innovation in the electronics industry, support our customers' success and promote environmental responsibility.

KLA product families include:

Semiconductor Process Control (SPC)

Semiconductor Process Control solutions cover front-end inspection and metrology of semiconductor wafer manufacturing. These offerings help our customers catch defects early in the manufacturing process so they can correct any issues before finished products are made, saving on wafer scrap and wafer rework while reducing a fab's overall impact on the environment.

“Customers who make printed circuit boards, chips or flat panel displays need measurements along the way if they hope to yield the products at the end of their line. Our solutions enable them to manufacture products in the most efficient, cost-effective way by catching defects and deviations early in the process. Our products are the eyes of a factory.”

Brian Haas
Vice President of Central Engineering

Electronics, Packaging and Components (EPC)

The Electronics, Packaging and Components group integrates Orbotech and SPTS Technologies with KLA's ICOS packaging division. Solutions include specialty micro-electromechanical systems and packaging, wafer processing, printed circuit boards, flat panel and display manufacturing. This solutions portfolio has brought KLA into new, adjacent markets while also expanding product offerings in areas such as deposition and direct imaging.

In 2020, SPTS Technologies, a KLA company, won the Queen’s Award for Enterprise in Innovation for development of a plasma dicing solution for high throughput and damage-free singulation of semiconductor devices. SPTS was recognized for its level of innovation as well as its environmental impact and contribution to society.

Our Commitment to Innovation Runs Deep

As a market leader, KLA operates at the cutting edge of technology and invests heavily in research and development (R&D) to deliver for our customers.

In 2020
KLA committed

15%
of revenue to R&D



**\$2.6
billion**
invested in R&D over the past four years



We're proud to be a part of some of the most significant technological breakthroughs in the world, including wearable devices, flexible screens, smartphones and smart cars. And we're not stopping there. With solutions built from cutting-edge illumination, optics, sensors, AI and machine learning algorithms, precision motion control, and robotics, we're pushing limits and creating opportunities.

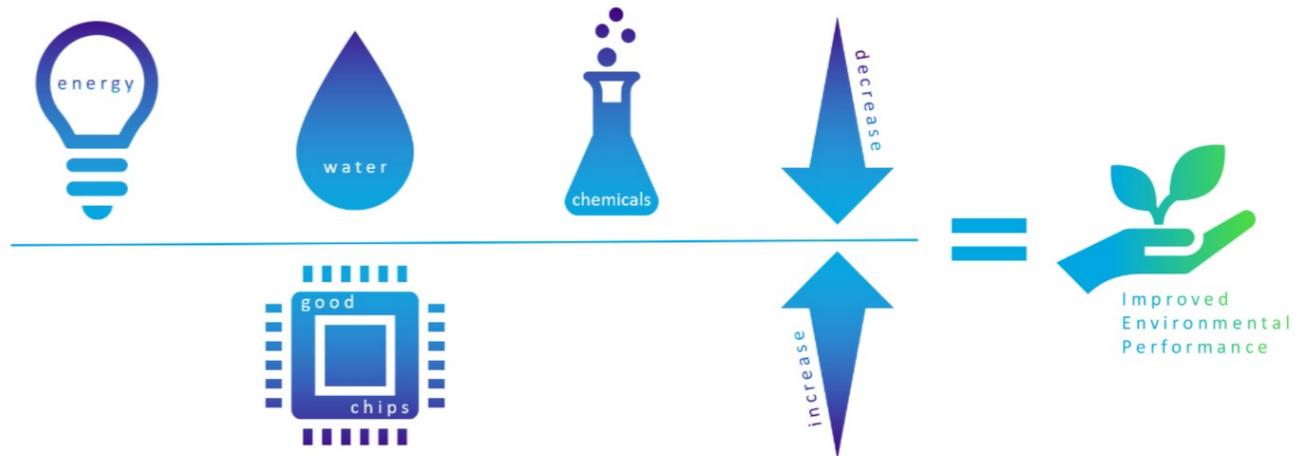
Smoothing the Way for Sustainability

Our customers are constantly challenged to increase their production yield, reduce waste and meet their own profitability and sustainability goals. KLA solutions make this possible by allowing manufacturers to innovate and produce chips faster, more sustainably and at a lower cost. Chips that are smaller and more efficient in energy use have longer battery life, make data centers more efficient and lead to advancements in sustainable products, such as hybrid and electric cars.

By implementing high-quality inspection and metrology systems, faster cycles of learning and optimal process control sampling, semiconductor manufacturers can improve their environmental performance.

For example, if a chip manufacturer achieves an 80% yield, then to deliver 1 million chips to their customer, they must attempt to make 1,250,000 chips. But if their yield is only 20% (which can be typical in the early stages of the process), the manufacturer would have to start with 5 million parts. That means 4 million parts are going to waste—and electronic waste is hazardous and difficult to dispose of. Fortunately, KLA's solutions can help companies dramatically reduce that waste and lower their total cost of ownership.

Because our process-control and process-enabling solutions have long lifecycles, KLA products that are generations old can often be upgraded with evolving technology so customers can keep the equipment in use, reduce waste and get the most from our latest developments.



Process control helps fabs reduce resource use and increase throughput.



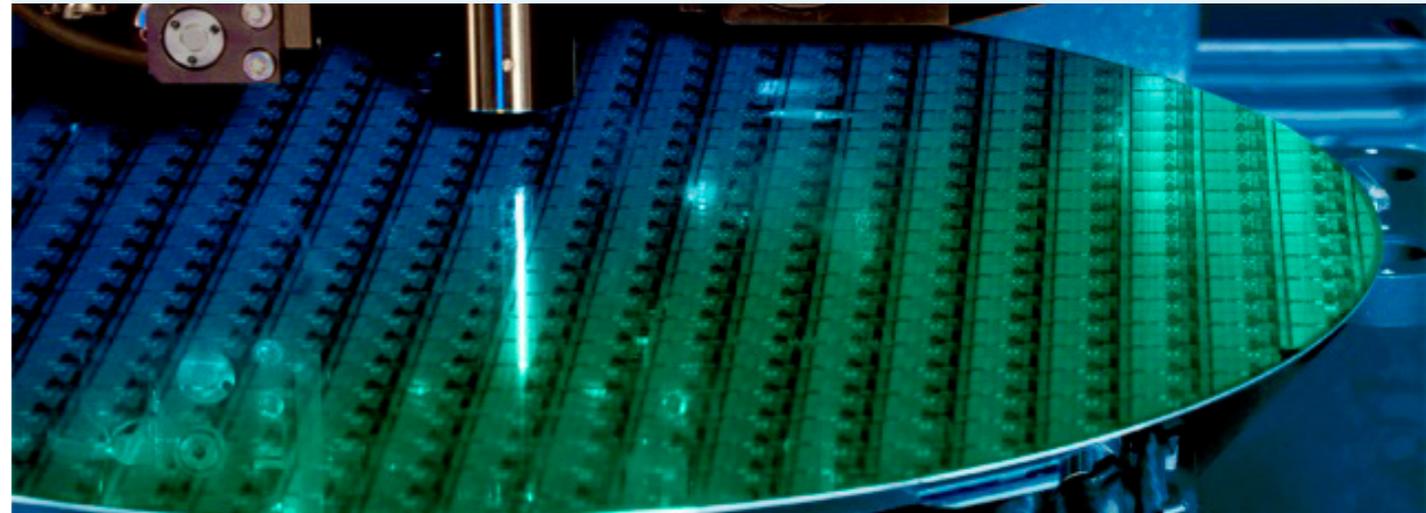
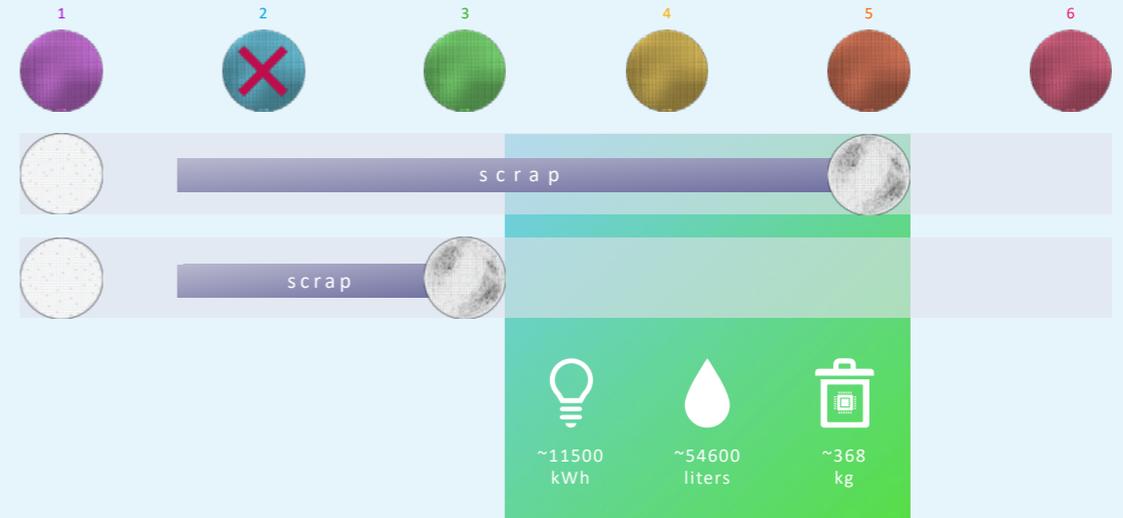
“The semiconductor manufacturing process involves up to 1000 steps. Every single step involves process tools and a tremendous amount of materials. If something goes wrong at any of these steps and the chips don’t meet the quality standards, they have to be scrapped. KLA’s solutions can help prevent this waste.”

Rob Cappel

Senior Director, Market Research and Analytics

Helping Fabs Make Greener Choices

Fabs are reducing process excursions by adding inspection and metrology steps. Earlier detection of process excursions results in faster time-to-corrective action and significantly less yield loss and material wasted. The example below shows an excursion happening at process step two, and demonstrates the environmental savings associated with finding that excursion by inspecting at process step three as opposed to waiting until process step five.



Backed by Research, We Turn Customer Goals into Reality

Research and development make innovation possible at KLA, and we continuously search for ways to support our customers as they work toward their environmental goals. For example, we've invested in research to help customers reduce their greenhouse gas emissions.

In one study, we found that manufacturers can reduce greenhouse gas emissions and increase throughput in the wafer cleaning process by using three wafers in between cleans rather than one. The study looked at the cleaning process for silicon wafers and silicon nitride wafers. Results show that by using silicon wafers, manufacturers can decrease greenhouse gas by 38% and achieve a 9% higher throughput. By using silicon nitride wafers, greenhouse gas emissions went down by 51% and throughput increased by 15%.



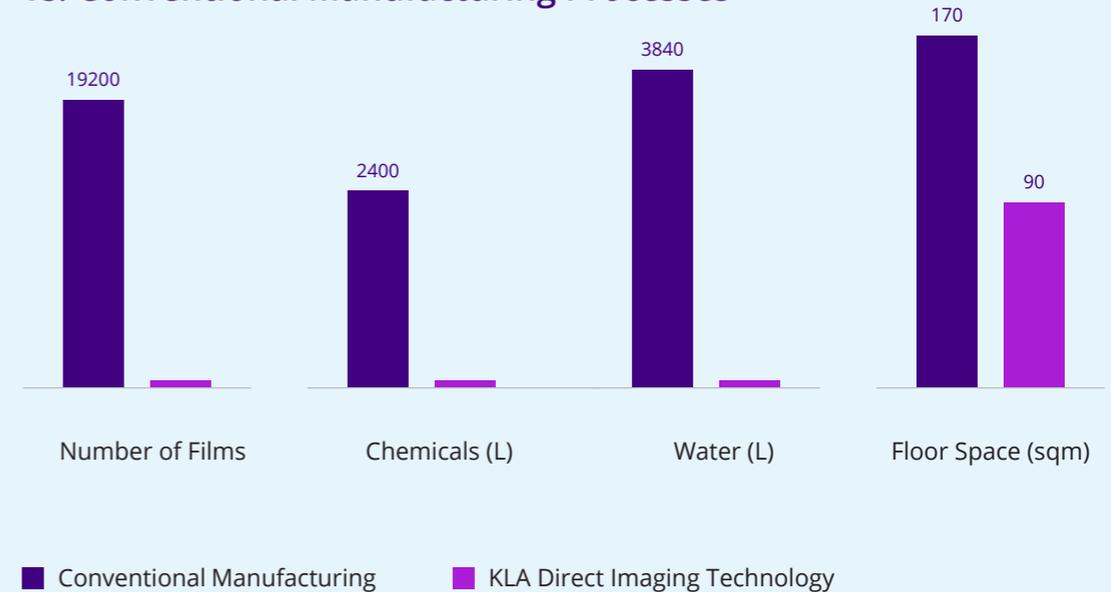
How Increased Manufacturing Efficiency Reduces Environmental Impact

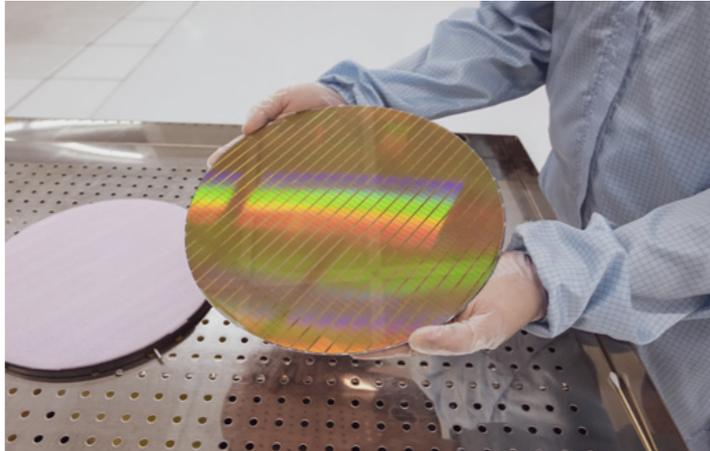
When printed circuit boards are manufactured, the imaging process is used to make the circuit traces on the board. Traditional contact exposure systems use multiple steps to get from computer-aided manufacturing design to the printed product, requiring the use of film, chemicals, masks, cooling water and yellow room floor space. Our Orbotech direct imaging solutions, however, go straight from design to finished product by using highly-focused laser beams to print traces on the board.

We examined the data from one of our quick-turn assembly customers to determine how switching from traditional systems to our direct imaging solution affected environmental impact. We found that by making the switch, we helped our customers:

- Reduce pollution (fewer films, chemicals and masks)
- Lower water consumption
- Reduce required yellow room floor space

Resource Savings: KLA Direct Imaging vs. Conventional Manufacturing Processes





Trailblazing Technologies for the Greater Good

From automotive and artificial intelligence to the Internet of Things and 5G, we enable customers to create core technologies for renewable, sustainable solutions including electric vehicles, wind farms and power-saving applications to name a few.

“Our tools are fundamental to the semiconductor, package and printed circuit board industry, extending benefits into the systems that use them.”

Chet Lenox

Senior Director, Industry and Customer Collaboration, KLA

Our solutions also help create technologies that benefit our society as a whole. As part of KLA’s mission to advance humanity, we’re always at the forefront of what’s next. Examples include:

Security: Airport Screening

We provided etch hardware to companies developing infrared sensing, the technology used in airport screening. By keeping wafers free of contamination, our etch hardware provides a lower resistance interface, which reduces the amount of energy consumed.

COVID-19: Ventilator Manufacturing

The power chips used in ventilators built during the pandemic were created with our physical vapor deposition equipment.

Disease Detection: MiLab Diagnostic Platform

This platform can detect disease in microdroplets of blood in less than 10 minutes, compared with the current 24-hour time frame. The underlying technology uses microchannels in silicon etched with our Omega® etch systems.

Disease Treatment: Ultrasonic Imaging

KLA solutions play an important role in the treatment of heart conditions, blood vessel blockages, and diseases of the liver, gallbladder and eyes. Our physical vapor deposition technology is a market leader in the deposition of the piezoelectric thin films at the heart of these ultrasonic emitters and sensors.

Automotive: Microelectronics

We’re involved in manufacturing many of the critical microelectronics inside current and future cars, including self-driving and electric vehicles.

- Our etch and chemical vapor deposition systems are used to make high-brightness LEDs for car front and rear light clusters.
- Our physical vapor deposition systems are used in the manufacture of switches and transistor power controllers.

In 2019, KLA became the first semiconductor equipment company to be accepted as an associate member of the Automotive Electronics Council. The council sets qualification standards for electronic components in the automotive industry. As a member, KLA works collaboratively with the automotive industry to develop Zero Defect strategies that improve automotive reliability.



Self-Driving Cars

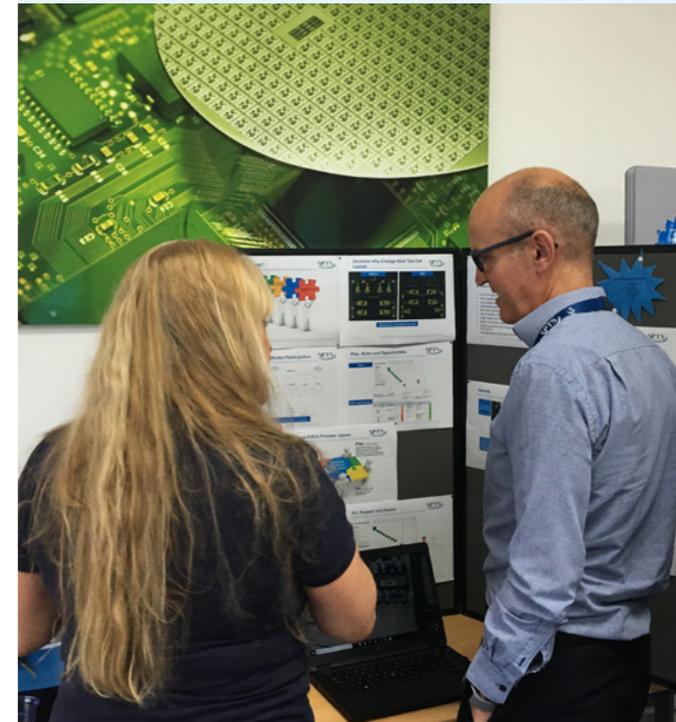
For self-driving cars, positional accuracy can mean the difference between a smooth ride and a serious accident. The 5G communication technologies used in self-driving vehicles will rely on the same radio frequency technology used in smartphones. KLA has been at the heart of that technology since the late 1990s, supplying etch, chemical vapor deposition and physical vapor deposition equipment to radio frequency leaders such as Qorvo, Skyworks and WIN Semiconductor.

Autonomous vehicles will also generate huge amounts of data from hundreds of sensors inside the vehicle. Our process chambers are used by manufacturers of micro-electromechanical systems (MEMS) to develop high-resolution gyroscopes that help detect acceleration and rotation in cars to ensure a safe journey.

MEMS microphones are also used inside self-driving cars for voice control, as well as listening for engine noises or emergency vehicles approaching. Manufacturers use our etch equipment to produce these types of microphones.

Innovating for a More Sustainable Business

The Continuous Improvement Program at SPTS shows just how multidimensional innovation is across KLA. For the past seven years, SPTS has showcased the best of its employee-led projects at its annual Continuous Improvement Day. Projects focus on improving work practices or products that contribute to the sustainability of the business and/or demonstrate return on investment. Winning projects from 2020 achieved \$1.2 million in savings, and to date, the various projects have saved SPTS over \$6 million.



+ Protecting Intellectual Assets and Keeping Cyberthreats at Bay

Cybersecurity and Intellectual Property

2020 brought unique challenges that highlighted the importance of keeping our data safe. Around the globe, the switch to remote work and virtual school led to a huge influx of phishing emails, malware and ransomware at companies across every industry. At KLA, we responded aggressively to these challenges.

We are committed to lowering risk and building a sustainable business by protecting our company, customer and partner data. The protections we put in place continue to clear the way for tomorrow's innovations.

Protecting our intellectual property isn't only good for business: it's good for everyone. The intellectual property we create and manage is a valuable asset within KLA. The information we protect is also what makes us indispensable to our customers—a core value we strive to uphold every day.

"We maintain our lead in the industry by providing innovation, which creates indispensable products—and protecting that innovation as intellectual property."

Kevin McAndrews
Vice President Intellectual Property



Delivering on Our Cybersecurity Pledge

Core initiatives within our cybersecurity strategy include:



Our KLA Security Operations Center monitors our digital environment 24/7 to ensure data is protected.



We've introduced key technologies that give us more visibility holistically across our environment—significantly reducing the time needed to detect and contain incidents.



We have a culture of open reporting. We want people to feel like they can come to us, ask questions and report concerns.

“We want to build control, security and protections in the environment without building bureaucracy that makes it hard for people to get work done.”

Laurie Saims

Vice President, Chief Information Security Officer

Keeping Data Safe Across the Globe

Because we operate in several regions around the world, one of our biggest cybersecurity challenges is ensuring safety and compliance in areas with different laws and regulations around data protection.

We created specific cybersecurity environments in the riskiest regions of the globe to keep that data safe. This helps us enable engineers to perform their work while ensuring that files and code remain in KLA's data centers.



Our Security Efforts Are Paying Off

Advancing innovation requires protecting our systems and intellectual property at every level of our organization. We're proud of the progress we've made in keeping sensitive information safe at KLA. We aim to ensure that the technologies we use to secure our environment are up, operational and running at a greater than 99% average.

Reducing Risk Keeps Us Moving Forward

From establishing clear policies to educating our employees, we're putting measures in place to continually address the threat of cyberattacks and intellectual property breaches so we can continue to develop solutions that make a difference.

Empowering Employees To Do the Right Thing

We educate our employees on the importance of protecting sensitive data from their first days on the job, and in 2020, we strengthened our stance against potential internal security threats. We're also educating senior staff on some of the riskiest security topics—from the basics of ransomware to protecting sensitive customer information.



Safeguarding Intellectual Property is Everyone's Responsibility

Every day, our employees handle something valuable: the company's intellectual property or the intellectual property of our customers and partners that has been entrusted to us. This includes not only patents but also knowledge, ideas, plans and information that combine to form intellectual property.

Every KLA employee is responsible for protecting company and customer intellectual property. KLA has developed need-to-know and data classification systems to help employees recognize and protect intellectual property. The need-to-know campaign aims to get employees to think more about how and with whom they share information, while the data classification system is a visual way to identify and protect information.

Advancing Stewardship

Working across our global footprint to shape a more sustainable future.

From the time we first implemented a formal environmental stewardship program in 1999, we've relentlessly focused on driving progress as our business, the industry and the world evolve. Our achievements in energy savings, waste reduction and water conservation demonstrate the scope of our stewardship journey and our efforts to care for our planet.



+ Environmental Stewardship: Hardwired in Our Tools and Culture

The scale and growth of the technology sector require a concerted effort to make the microprocessor manufacturing process more sustainable. That's why we're creating new products and services that help companies minimize waste, conserve natural resources and reduce their environmental footprint. To learn more about how we're helping our customers cut down on waste and meet their own sustainability goals, see our [product innovation section](#).

Worldwide Growth and Opportunity

In addition to our environmental stewardship efforts on the microprocessor level, we're also going big on a macro level. The past four years have brought tremendous growth for KLA. While that has increased our environmental footprint, it has also given us a bigger global platform to create change.

After acquiring seven new sites in 2019 and 2020, we reset our environmental baselines and approach to global environmental management. We've integrated the best practices from our SPTS and Orbotech acquisitions into regional and global programs that will help us amplify our positive impacts. This comprehensive understanding of our integrated business will guide our climate goal-setting efforts, and we

aim to publish a companywide GHG emissions reduction goal in 2022.

Our product teams and business groups around the world are working hard to uncover opportunities, tackle challenges and push our ESG strategy forward. We've brought together critical stakeholders with a third-party consulting group to guide us in creating and updating our strategy. And we're working across our value chain to make a collective impact. This includes engaging our supply chain partners and implementing Responsible Business Alliance (RBA) Code of Conduct requirements.

We'll continue our efforts to care for our earth—focusing on the areas that will have the greatest impact. By minimizing our climate footprint, reducing materials and waste, and managing our water usage, we can shape a more sustainable future.

SPTS is ISO 14001 certified, which means it meets international requirements for an effective environmental management system. KLA was certified in 2003.

Our Environmental Focus Areas:



+ Steps to a Smaller Footprint

Climate and Energy



We're gaining momentum as we work across our global sites to procure renewable energy to power our operations. For example, in 2020 our Wales site purchased approximately 97% of its electricity from carbon-free sources (wind, solar, hydro and thermal). This work will continue to accelerate as we set a GHG emission goal in the coming year.

At our Milpitas headquarters, we have been purchasing 100% of our electricity from carbon-free sources since 2018—from a combination of renewable sources and hydropower. Also, the conversion of our existing plant to cryogenic nitrogen in 2018 has resulted in 294 fewer metric tons of CO₂ equivalent (CO₂e) annually and eliminated indirect emissions from fuel deliveries by truck. We're exploring other next-generation technologies as well, such as the use of solar photovoltaics and fuel cells at our facilities.

At KLA Israel, we reduced electricity consumption by 3% in 2019 by changing to LED lamps and applying Blygold® coating to chillers.

We also consider sustainability as a key factor in the construction of new facilities. In 2020, we completed construction of a new building in Milpitas that we designed using best-practice standards for healthy, highly efficient and cost-effective building design. In 2019, KLA began construction of our second North American headquarters campus in Ann Arbor, Michigan. The sustainable design features of our new campus include underground parking to minimize the building footprint as well as a green roof, which will not only purify and oxygenate the air but will also insulate the building, helping reduce energy demands.

Spotlight: Energy Improvements in Belgium

In an ongoing effort to curb the impacts of climate change, our Belgium office contracted for 100% green energy and installed solar panels on the roof in 2020. We now track the amount of power generated as well as our CO₂ reduction at that site. The accumulative emission reduction last year was the equivalent of planting 123 trees.

100 %
carbon-free energy

CO₂ = **123**
reduction = trees planted

GHG Inventory

In 2021, we expanded the scope of our annual greenhouse gas (GHG) inventory to provide a full accounting of our corporate GHG emissions. The inventory covered our company-wide Scope 1, Scope 2 and Scope 3 emissions for calendar years 2019 and 2020, in alignment with the requirements of the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol.

The inventory also accounts for our seven recent acquisitions, significantly expanding our operational footprint. We've now established 2019 as our base year against which we will measure our future GHG emissions. Moving forward, we plan to continue tracking and quantifying our emissions on a calendar year cycle.



Scope of our GHG Inventory

We defined our organizational boundaries for the Inventory using the Operational Control approach per the GHG Protocol guidelines. Under this approach, we accounted for 100% of the GHG emissions from sources over which we have operational control. This includes 11 KLA "Super Sites," two owned offices, company vehicles and all equipment operated by KLA. We define a Super Site as KLA-owned or leased facilities where we conduct manufacturing or research and development activities, along with at least one of the following: sales support, cleanroom or office space. All KLA Super Sites have at least 25 employees who regularly work onsite.

Scope 1

Direct emissions from operations owned and controlled by KLA, including: stationary combustion of natural gas and diesel; mobile combustion of gasoline, diesel and liquefied petroleum gas; and refrigerants and volatile organic compounds such as fugitive emissions.

Scope 2

Indirect emissions from the generation of energy (i.e., electricity) 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 per the GHG Protocol Scope 2 location-based and market-based methods.

Scope 3

Relevant indirect emissions we calculated that occur across our value chain include: purchased goods and services; capital goods; fuel and energy-related activities; upstream transportation and distribution; waste generated in operations; business travel; employee commuting; upstream leased assets (i.e., purchased energy use at leased offices and sales sites); and use of sold products.

Inventory Results

The inventory shows that our Scope 3 emissions are the largest contributor to our total carbon footprint. Our Scope 1 and Scope 2 emissions contribute less than 1% of the total Scope 1, 2, 3 impact. From 2019 to 2020, we saw a small increase in our Scope 1 emissions due to an increase in natural gas use and the availability of higher-quality refrigerant use data. We saw a decrease in our Scope 2 emissions from the use of more carbon-free sources of energy and a continued focus on improving the efficiency of our operations.

The use of sold products is our largest Scope 3 emission source. The increase in Scope 3 emissions between 2019-2020 is due largely to increased product sales, spend on purchased goods and services and product transportation. Across our portfolio, we build KLA products to last — the average lifespan of a KLA product is over 20 years in operation. To calculate their impact, we estimate energy used during their full use-life, contributing to the magnitude of the number.

KLA products save our customers materials, energy and waste by increasing their yields. With ever-higher resolution inspection capability, KLA products are also enabling the creation of next-generation chips capable of greater computational efficiency and performance. As we continue our sustainability efforts, KLA is committed to working with our partners across the value chain to increase efficiency and reduce our climate impact.

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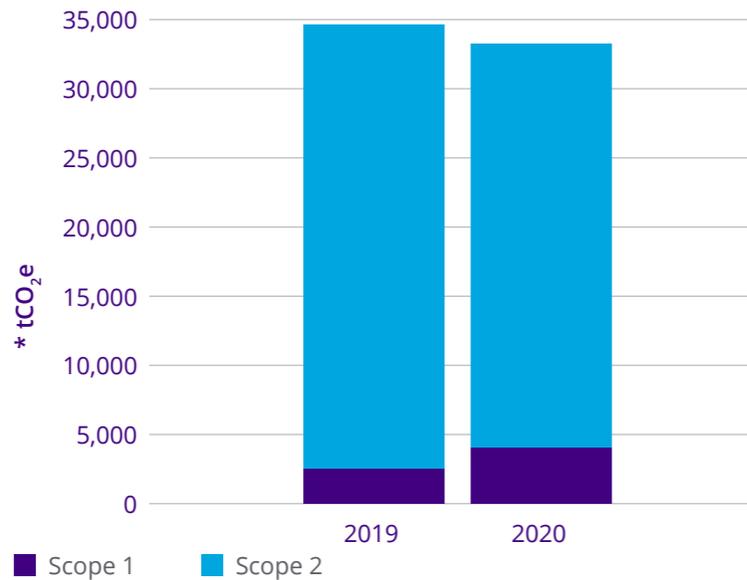
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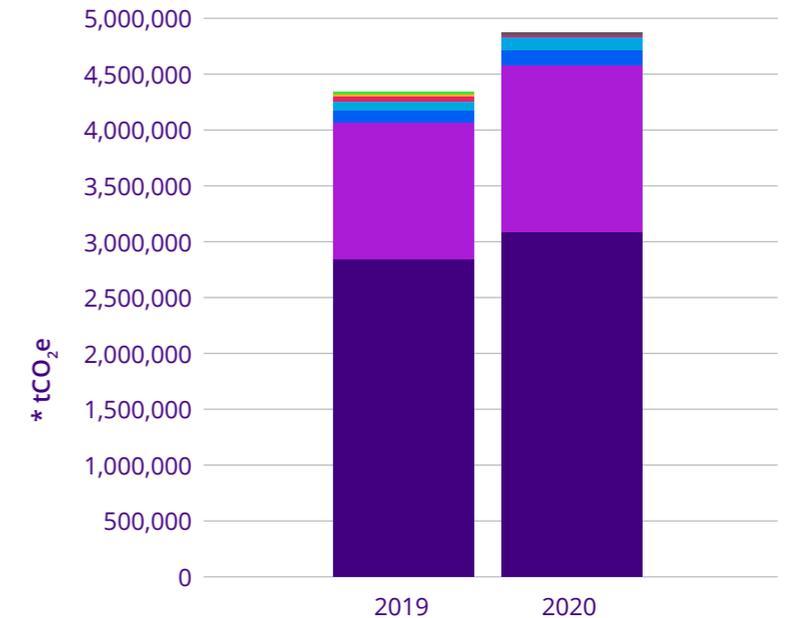
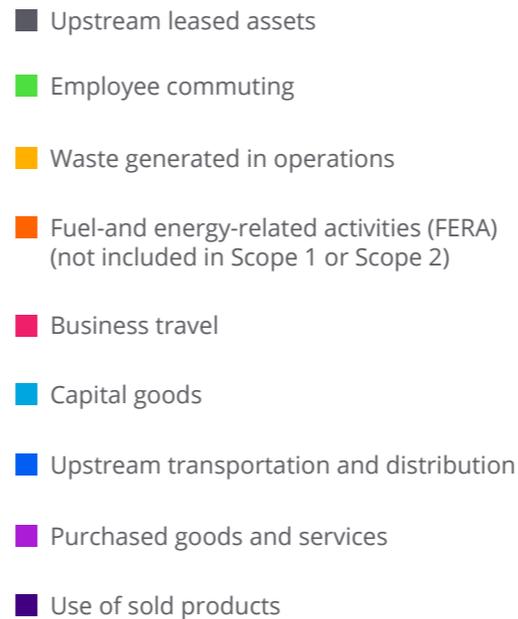
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KLA Market-Based GHG Emissions



*Tonnes of carbon dioxide equivalent

KLA Scope 3 GHG Emissions



*Tonnes of carbon dioxide equivalent

Rethinking Transportation, From Carriers to Cars

To minimize our impact from transportation, we're examining everything from the carriers we use to how much we travel and how we use our fleet vehicles.

Whether it's upgrading our Orbotech fleet to hybrid and all-electric vehicles; choosing freight forwarders who ship using sustainable, IATA-approved airlines; or ensuring our transportation carriers use sustainable vehicles and technology to improve fuel efficiency, we're taking action

across our value chain and minimizing our environmental impact where possible.

COVID-19 proved that for many of us, it's possible to do great work no matter where you are. We invested in technology to enable robust remote customer support and ensure that our employees can be productive anywhere. We'll continue to examine the future of work and a hybrid model of in-office and remote work where possible.

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**Our employees play an important role in reducing our transportation footprint.
The following incentives at our Milpitas campus make it easier:**



**Electric car
charging stations**



**Close to bus,
train, bike trails**



**Showers
for cyclists**



**Onsite tuneups
and oil changes
to increase fuel
efficiency**



**High-quality
menu items in our
cafeteria to reduce
lunchtime driving**

The KLA Milpitas Headquarters has been recognized as a Bicycle-Friendly Business

You can read more about how we carry out our environmental policy in the [content index](#).

+ Maximum Effort for Minimum Waste

Materials and Waste

In a global company, many small changes can make a big impact. Each of our locations has individual targets for reducing waste that, when added together, help us achieve our company-wide ambitions. For example, in our Wales site, we achieved 100% waste diversion. In Milpitas, we set a goal of 83% waste diversion, and in 2020, we exceeded our target with an 88% diversion rate. In Singapore, our goal was a 75% reduction, which we achieved in both 2019 and 2020. In Israel, we achieved our goal of reducing solid waste by 5% in 2020 (compared to 2018).

We're working diligently across our organization to remove plastic from our waste stream, and we have realized significant gains through cross-departmental collaboration. In 2019, we worked with our engineering group to create alternative packaging architectures for shipping spare parts safely around the world. This reduced our total packaging materials, specifically polyurethane, by 75%. Furthermore, these solutions allow us to attach all materials without cross-contamination, which results in easier recycling.

Our employees also play an important role in achieving our goals to reduce waste, and thanks to our idea-sharing platform, they've been the catalyst for several new programs. For example, employees at Orbotech in Israel are working to reduce the use of disposable cups. And at our Singapore and Wales sites, we implemented a Reuse to Reduce program in 2019 to eliminate single-use plastic. We gave staff reusable water bottles and replaced single-use water bottles with water jugs and glasses for meetings.



Giving Old Crates New Life

With our Reuse, Refurbish and Recycle program, all crates coming into KLA are not only sourced from raw wood materials that comply with established sustainability programs,* they are also diverted from landfills and instead redirected to reuse or recycling.

In the United States, we reused 49% of crates in 2019 and 57% in 2020. In Singapore, over that same time frame, our crate reuse rate averaged 30%.

* Forest Stewardship Council® (FSC®), Sustainable Forestry Initiative® (SFI®) and the Program for the Endorsement of Forest Certification (PEFC) standards. These certifications ensure the wood utilized is harvested legally, and that forests are managed while maintaining biodiversity.

+ Making Every Drop Count

Water Management

KLA operates in several regions where water is scarce, so we're extremely conscious of our water footprint. We track our usage, strive to source more recycled water and less freshwater, and work to keep contaminants out of the storm drain and ground.

We've implemented programs to reduce our freshwater use and engage employees in water conservation efforts. This includes environmental

management training for employees and contractors, as well as improvements in campus landscaping management. For example, we use NEWater in Singapore for irrigation on our grounds as well as in our cooling towers—returning water to our watersheds. In Milpitas, we use high-quality reclaimed water, which has been purified by the Santa Clara Valley Water District Silicon Valley Advanced Water Purification Center. While these programs help us reduce freshwater use, we saw a 20% increase in freshwater consumption at our Milpitas facilities in 2019 due to an addition of a large cleanroom, increased evaporation on our cooling towers and a larger employee population.

As we continue to expand our operations, we will maintain our efforts to conserve water by increasing the efficiency of our operations.



Water Wise in Israel

Our Orbotech site implemented a fresh-water reduction program with multiple initiatives inside and out:

- Purchasing low-flow toilets
- Using AC condensation water for irrigation
- Planting water-wise plants
- Redesigning irrigation systems and watering lines
- Reducing water vaporization by replacing some garden areas with volcanic stones



Advancing Opportunity

Working together to harness the untapped human potential of a more just and inclusive world.

We believe in a just and fair world where everyone feels included, and all can reach their full potential. We contribute by working harder than ever to create inclusive and diverse work environments; continuously striving to protect the health, safety and well-being of our employees; upholding the human rights of everyone in our supply chains; and creating opportunity in the communities where we live and work.



+ Opportunity Begins with Inclusion and Diversity

In 2020, the KLA team made an intentional decision to put inclusion first in how we frame “inclusion and diversity” to emphasize the importance of belonging as the foundation of attracting and retaining diverse talent. Inclusion puts the diversity of our employees into context.

“At KLA, inclusion is inherent in everyone’s job description,” says Sandra Mahadwar, Chief Inclusion and Diversity Officer. “Mindful inclusion expresses to team members that their diverse backgrounds, experiences and viewpoints are an indispensable part of problem-solving and innovation.”

When our colleagues help us think differently, we create a more engaging environment that invigorates creativity, enriches learning and improves business outcomes. We strive to attract the best talent around the globe, not limiting ourselves to certain demographics, universities or geographies.

New Ideas, New Momentum

To deepen our commitment to inclusion and diversity, we implemented a more formal and programmatic approach. We continued our work through the pandemic and accelerated employee education and awareness as civil unrest emerged in several of our global locations. Our efforts started at the top with our CEO, Rick Wallace, who sent videos and emails to all employees discussing our drive to be better and affirming the company’s commitment to inclusion and diversity as well as a zero-tolerance policy for racism, intolerance and harassment. He challenged us to work toward understanding our biases and creating a culture where inclusion and diversity are core to who we are and our success as a business.

In 2020, we added an inclusion and diversity page to our website, publishing our diversity numbers for the first time. Internally, we launched several programs to nurture our talent and create a strong sense of belonging for everyone. We’ve also made inclusion and diversity a key element of the KLA Foundation, which supports traditionally underserved and marginalized communities. In support of the movement against racism in the summer of 2020, the Foundation committed to social justice with the creation of the [KLA Social Equity Fund](#) and a [\\$1 million commitment](#) to combat racial inequity.

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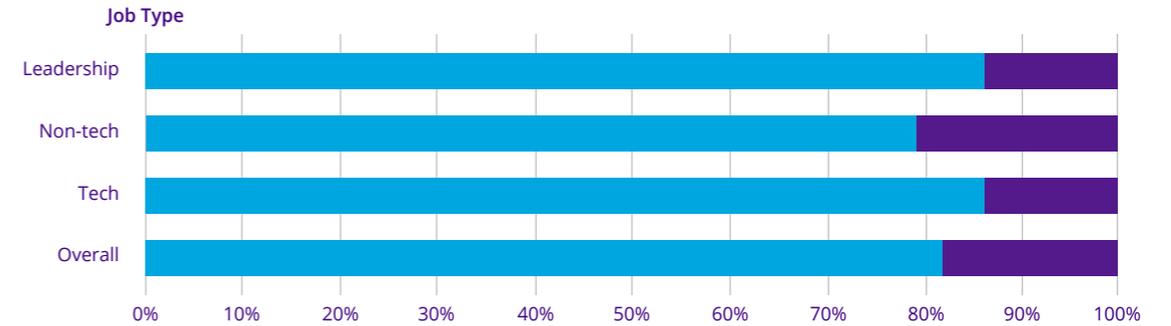
+ Advancing Opportunity

Advancing Leadership

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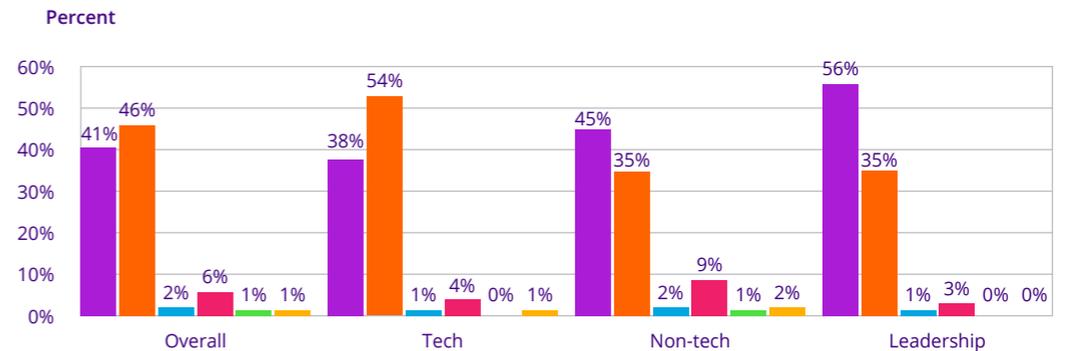
Gender: Global

Male
Female



Race & Ethnicity: U.S.

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



Creating Space for All Voices

We're committed to taking a stand for social equity; creating space to hear, understand and address any concerns in our company; and leading change by example. In 2020, we brought in a facilitator to lead a social justice discussion where we talked about unconscious bias and created an environment where underrepresented employees could share their experiences.

To strengthen our culture of inclusion, we are continuing to increase the number of employee resource groups (ERGs) at our sites. These are voluntary groups of employees who have a common interest in helping KLA achieve its inclusion and diversity goals. ERGs are a fundamental part of our inclusion and diversity strategy. They give colleagues an opportunity to come together to share openly, promote and elevate awareness on important issues, and help the company gain a better understanding of what it needs to do to be more inclusive and diverse.

W.I.S.E.	Mosaic Michigan	Konexión	BELIEVE	New in 2021
				
<p>Women In STEM Empowered (W.I.S.E.) is an employee-led group made up of individuals who have joined together to support women at KLA and foster an inclusive environment that will benefit all.</p>	<p>Mosaic helps achieve KLA's business goals by engaging the diversity of backgrounds, experiences and points of view of KLA's employees in Ann Arbor and beyond.</p>	<p>Konexión fosters an inclusive community, where employees interact and innovate together through cultural sharing and understanding of the diversity of the Latinx community.</p>	<p>BELIEVE progresses KLA's inclusion and diversity goals through support, recruitment and advancement of Black talent, while also promoting cultural awareness, understanding and allyship of the Black community.</p>	<p>KLA plans to introduce ERGs to support our LGBTQ+ and Asian communities.</p>

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Inclusive From the Start in Ann Arbor

Building a new second headquarters gave us the opportunity to prioritize inclusion and diversity from the beginning when hiring our new staff. Since opening our Ann Arbor office in 2019, we've achieved 50% women in site leadership roles (director and above) and almost a third (29%) of our employees overall are women.

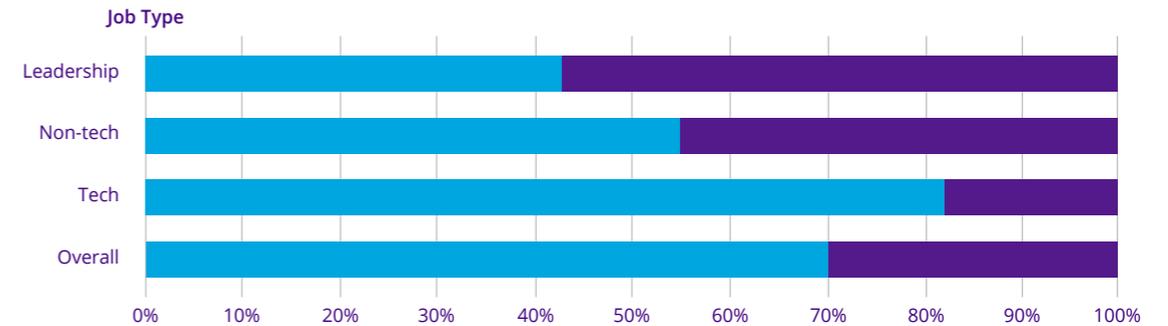
Our Mosaic ERG originated at our Ann Arbor site and the group sponsors a variety of inclusion and diversity activities. For example, we invited a state senator and community leader in Detroit to engage us in conversation around issues within the the Black/African American community. We also celebrated Pride month by watching "The Imitation Game," followed by a facilitated discussion on the diversity issues it surfaced, such as LGBTQ+, disabilities and women's empowerment, and how these issues continue to impact people today.

The work we've done in Ann Arbor is now being used as a pilot for how we can improve our hiring and retention processes to be more inclusive across all KLA locations.



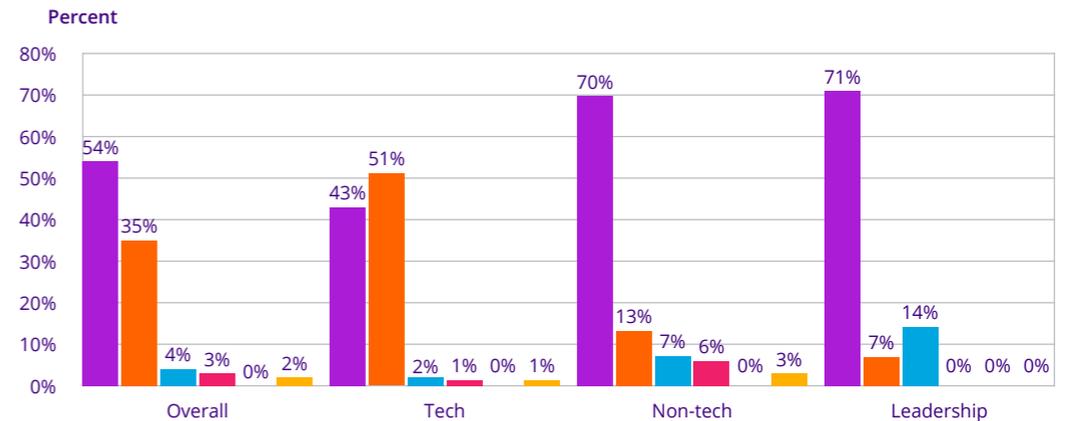
Gender: Ann Arbor

- Male
- Female



Race & Ethnicity: Ann Arbor

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



+ Keeping our People and Workplaces Safe

Health and Safety

Our employees are the lifeblood of our business. That's why their health and safety are always our priority.

To ensure our employees felt safe coming to work during the pandemic, our health and safety, facilities and security teams joined forces to establish a gold standard for site operations. This allowed us to keep production facilities running, which in turn, enabled KLA to keep delivering new products and servicing customer sites during a period of exceptionally high demand.

Rick Wallace, our CEO, began weekly emails and videos during COVID-19 to provide updates on the steps KLA was taking to keep them safe, always reinforcing that the number one priority is the well-being of our employees and their families.

"I know it's been really hard work, but thank you...the only places I feel safe are at home and onsite at work."

KLA employee

Quality Health and Safety Training

All new hires are required to go through a health and safety training program. In addition, our service technicians are required to achieve and maintain level 3 safety training certification. This training program continued uninterrupted during COVID-19 when our team worked quickly to move all courses online.

For the past 14 years, KLA has been a member of Training Magazine's Top 10 Hall of Fame, which recognizes us as a company unsurpassed in harnessing human capital. Our Wales site (SPTS) has received the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Gold Award for eight consecutive years.



Between 2019 and 2020, KLA employees completed more than 10,000 hours of training on health and safety topics.

Consistently Low Injury Rates

Our excellent safety record is a tribute to our employees' efforts, our training programs and our safety policy management. We employ a full-time ergonomist to advance safety and human engineering for our products, and safe, user-friendly work methods and environments for our employees. As a result of these efforts, we achieved ISO 45001 certification in the United Kingdom and excellent OSHA statistics in the United States.

KLA Corporation	2018	2019	2020
Total Recordable Incident Rate*	0.34	0.34	0.29
Recordable Incidents	10	10	12
Days Away, Restricted or Transferred*	0.17	0.23	0.3
Experience Modification	0.62	0.58	0.57

* Per 200,000 hours worked

Our goal is always zero accidents across our facilities, and to achieve that, we conduct proactive risk assessments and audits to improve loss control measures. We also require all employees to complete a global injury and illness prevention program based on risk and hazard assessments.

Because of the rapid growth we've experienced over the past few years, we completed a baseline assessment in 2020, looking at applicable local and government safety requirements for each new site. The goal was to understand the maturity of each of our acquired companies' health and safety programs and then create a global environment, health and safety management system that integrates ISO 14001 and ISO 45001 into a single management system.

With a framework of plan, do, act, repeat, the assessment helped us respond quickly when COVID-19 hit and adopt best practices for each of our sites. We implemented mandatory face coverings, COVID-19 testing, proactive cleaning and sanitization, division of individuals and work shifts to prevent cross-contamination, installation of screens and protective infrastructures, and increased fresh air ventilation.



+ Healthy Employees are Happy Employees

Employee Well-Being

Faced with everything from wildfires to quarantines to community lockdowns, the events of 2020 reaffirmed our commitment to employee wellness. We adapted many of our existing programs and quickly developed new ones to ensure that employees felt supported and at ease. In 2020, our employee support initiatives included:

- Offering hotel accommodations when employees were impacted by wildfires in California and Oregon.
- Expanding employee assistance programs and increased health, mental and financial-focused wellness sessions in most of our international locations during COVID-19.
- Providing up to 10 days paid leave for employees in our U.S. and India offices who were sick or caring for sick loved ones.
- Giving our employees in some locations a quarterly well-being payment to use on anything health-related and making check-in calls to all employees working from home.

The COVID-19 pandemic was especially hard on working parents, and according to a [2020 McKinsey report](#), mothers bore the brunt of it. To ease this burden, we offered remote learning and childcare leave for employees in the U.S. and some of our other locations, giving them extra time to help their kids learn from home and providing financial support for any tutoring and childcare they might need. We also offered online wellness classes and gave employees an online forum—the KLA Caring for Families site—so they could get together to swap stories or even just talk about coping during COVID-19.



Health and wellness —Online and Off

Prior to COVID-19, we invested in opportunities for employees to get involved in their own health, become more active, participate in community events and lead healthy lifestyles. We moved much of these programs online in 2020.

One such opportunity is our Virgin Pulse wellness program. It allows employees to manage and improve their health in fun and engaging ways, helping to establish lifelong healthy habits. We subsidize the cost of fitness trackers, which can be connected to an app to track their progress and activity.

Virgin Pulse Wellness Program



Another wellness opportunity we offer is our Smart Path program, which provides a fitness assessment and basic workout programs for all members. Our fitness team in the U.S. offers a range of group fitness classes, monthly fitness challenges with themes and prizes, personal trainers for one-on-one coaching and nutrition tips. During COVID-19, these all went virtual, making them even more accessible to all KLA employees.

For our SPTS employees in Wales, we provided remote fitness classes via Zoom and recorded them so they could be accessed from anywhere at any time.

“I will continue to do the exercises and the tips that I learned from this program. Thanks for keeping us healthy!”

KLA employee

+ Caring for the Communities Where We Work and Live

Community Engagement

The past two years have demonstrated that when we come together, we can do our part to address complex social issues in meaningful ways—whether it’s staying safe during a global pandemic or working toward equity in opportunity for all.

In 2020, we provided \$2 million in global COVID-19 relief funds through the KLA Foundation, focusing on the most vulnerable members of our communities. We awarded grants to programs that offer community services, education, critical medical supplies and resources to combat food insecurity. In June, we announced the dedication of \$1 million to national and local initiatives addressing systemic racial inequities.

\$2 million
in COVID-19 relief funds



\$1 million
dedicated to social justice



A Foundation for Sustainable Change

The KLA Foundation is committed to advancing humanity by investing in our communities to create a more equitable, inclusive and accessible world. We believe making an impact requires listening, ongoing collaboration, patience and a holistic understanding of human needs. The KLA Foundation strategically partners with organizations that know their communities best to create upstream solutions for sustainable change and empower our employees to get involved in causes that are close to their hearts.

The Foundation focuses on three critical areas: education, health and wellness, and community enrichment. As we evaluate nonprofit partnerships, we look at their diversity, equity and inclusion efforts and how they align with our inclusion and diversity commitments.



Education

Create opportunities and increase long-term access to educational resources. Support girls and underrepresented communities throughout their unique educational journeys, especially in STEM fields.



Wellness

Promote community wellness programs and partner with grassroots organizations dedicated to achieving health equity.



Community Enhancement

Nurture strategic partnerships with organizations that deeply understand their community's needs to support grassroots efforts and encourage positive long-term change.

Our Approach

We drive an employee giving culture by providing tools and support to enable employees to lead, participate in and contribute to community projects in order to maximize the impact of their engagement in the communities where they work and live.

“The potential to make an impact is incredible and we are honored to be recipients. As valuable as the grant is, I am equally pleased to have a team of people...who truly care about us and the project. They are invested and are rooting for our collective success.”

Lisa Johanon

Founder, Peaches and Greens, a nonprofit that provides low-cost fresh fruits and vegetables in Detroit

Our social justice initiative takes a holistic approach to dismantling systemic racial inequities, working from the top down through large-scale initiatives, and from the bottom up through grassroots organizations that can respond immediately to the impacted community’s needs.

“Over the past year, aligning our programs to help address the racial equity gap has been a big initiative,” says Cindy Campbell, Executive Director, KLA Foundation. “We create collaborative partnerships with organizations focusing on addressing equity gaps so everyone has access to opportunities that will make them successful.”

As part of this commitment to racial equity, the KLA Foundation launched the Social Equity Fund in collaboration with the American Heart Association. This three-year, \$1.5 million fund aims to address systemic issues facing communities of color in Silicon Valley and Metro Detroit, where our global headquarters and second North American headquarters are located.



Strategic Global Community Initiative

Education

To inspire and empower young girls interested in STEM education, KLA Taiwan hosted a three-day science camp in partnership with National Tsing Hua University. KLA Korea also sponsored similar education programs to support the welfare of middle-and high-school girls in partnership with Duksung Women’s University. “I think this camp enlightens our next female generation on the fundamental spirit of science.” —KLA volunteer

In 2019, the KLA Foundation hosted its first [RoboGames](#), a collaboration between KLA-sponsored robotics teams and FIRST® Robotics, which brought nine high-school robotics teams to Milpitas for a demonstration. In 2020, we continued the RoboGames in a virtual format to keep all participants engaged and safe during the pandemic. The KLA Foundation also supports an all-girls robotics team in Korea.

In 2020, we provided funding for the Agastya Women’s Program in India to set up and operate a mobile science laboratory for children. Because COVID-19 prohibited social gatherings, the program pivoted to digital summer camps with activities to help kids explore science topics ranging from chemistry to pollution to nuclear physics.

We also provided seed funding to Bay Area Tutoring Association for their COVID-19 Tutoring Pods, which provided tutoring services for children of Black Indigenous People of Color (BIPOC) healthcare workers.

“KLA Foundation’s partnership has helped Bay Area Tutoring Association be intentional with social justice initiatives during COVID-19, like locating students of African ancestry in the Bay Area whose parents are essential workers. This partnership during COVID-19 has been beneficial for students who need an approach to education that the traditional public-school education doesn’t provide.”

Chris Norwood

Executive Director, Bay Area Tutoring Association



Health and Wellness

Detroit, Michigan: Food insecurity impacts families all over the world, including in our own community of Detroit, where 48% of residents are food insecure. To help address all aspects of food insecurity—from healthcare to farming and distribution—the KLA Foundation fosters synergistic partnerships with Peaches and Greens, DLIVE (Detroit Life is Valuable Everyday) and Keep Growing Detroit.

India: KLA India established a close partnership with Aid to India to support the surrounding Chennai villages during COVID-19. The KLA Foundation sponsored a local village health worker to identify and monitor the health and nutritional needs for pregnant women and the elderly in the village. We contributed funds to purchase saplings and seeds to cultivate and produce vegetables in the community, provided locally prepared nutritional snacks to the children, and distributed health and nutrition supplies to 10 families for a year.

Israel: We also partnered with Amcha Israel, which promotes the mental and social well-being of Holocaust survivors. We helped Amcha to purchase laptop computers for 70 elderly citizens to alleviate the loneliness they experienced during COVID-19 lockdowns. The systems allow users to connect to a variety of online activities via Zoom, including lectures, sports, entertainment and more.

Community Enrichment

The events of 2020 highlighted the importance of supporting the communities in which we live and work. We divided our \$2 million global COVID-19 relief funds into two phases for granting: 1) immediate support for the most vulnerable communities and 2) a recovery phase to assist organizations impacted by shutdowns.

At the beginning of the pandemic, when hospitals were desperate to find critical medical supplies, we used our 3D printing lab to make face shields for medical workers. In addition, our procurement staff volunteered their time to help the Valley Medical Center source and purchase critical medical equipment—from N95 masks to isolation gowns to medical carts. In total, KLA contributed \$500,000 to the effort.

The KLA Foundation also works to meet the immediate needs of people who have survived natural disasters and tragic events in our communities. In addition to our COVID-19 Relief Fund, we sponsored disaster relief efforts for the California and Australian wildfires and the mass shooting in Gilroy, California.

KLA Global Relief Funds Distribution

\$700,000
for community services

\$440,000
for education

\$500,000
for food insecurity

\$360,000
for critical medical supplies

We invite you to watch [our video](#) showcasing our community efforts in 2020, and the hands-on science demonstrations we did with young students from St. Julian's Primary School when they visited our KLA site.

Empowering our People to Volunteer

We offer KLA employees various opportunities to contribute their time, talents and money to organizations they're passionate about. Through our Dollars for Doers program, employees can earn \$10 in donation credits for every hour they volunteer. We also provide donation matching funds to increase the impact of each employee's donations. In 2020, we raised the donating match limit for each employee from \$5,000 to \$10,000 annually.

While many volunteer opportunities come through the Foundation—with organized events such as our Day of Service and American Heart Association Heart Walk—employees can volunteer at any nonprofit they choose and qualify for the donation credit. Our global giving program makes it easy to find volunteer opportunities, log volunteer hours and request matching funds and donation credits.

Unfortunately, COVID-19 forced many of our nonprofit partner organizations to put in-person programs on hold, which reduced company-organized volunteer opportunities in 2020. To ease the burden our nonprofit partners faced due to the pandemic, we provided support and flexibility to these organizations to help meet their greatest needs.

Our 2019 impact



Our 2020 impact



+ Partnering with Suppliers Who Share Our Values

Human and Labor Rights

Our commitment to advancing opportunity extends to our supply chain. We seek out suppliers who share our strong values; treat their employees with dignity, respect and fairness; and meet the strict requirements in our Code of Conduct to keep our supply chain free from any human trafficking and labor violations.

Our Path to a More Diverse and Sustainable Supply Chain

In 2020, the combination of global supply chain disruptions, our strategic focus on inclusion and diversity across our business, and the demand for continuous innovation highlighted the need and opportunity for a more diverse and sustainable supply chain—one that aligns with our ESG strategy and supports our commitment to inclusion and diversity. In response, we created a three-year strategic plan that will help us minimize supply chain disruptions and bring on partners who will help achieve our inclusion and diversity goals.

This journey is just beginning. In 2020, we laid a strong foundation by contracting with a third-party partner to compare our supplier lists with public sources that identify and track diverse supplier categories, such as women-owned businesses, minority-owned businesses and others. As a result of this work, we have increased the number of identified diverse suppliers already in our supply chain by 242%. In 2021, we will continue working to bring our strategic plan to fruition, identifying goals and metrics, tracking our progress and enlisting champions in each organization to help us create even more sustainable, inclusive and diverse supply chains throughout our operations.

The collective impact of industry leaders is furthering our efforts beyond KLA. In 2019, we partnered with Intel, Micron and Applied Materials as an early member of a working group called the SEMI MOD (Manufacturing Ownership Diversity). The mission of SEMI MOD is to promote more diverse supply chains in semiconductor manufacturing and drive the inclusion of such businesses. Additionally, in 2020, KLA became a Corporate Member of the Western Regional Minority Supplier Development Council to further expand our awareness of business opportunities with certified minority business enterprises.



Protecting the Rights of Every Human

KLA solutions rely on parts from across a global supply chain. We take great care to ensure we're acting responsibly and holding our suppliers to the same human rights and ethical business practice standards we set for ourselves.

One way we do this is by championing the Responsible Business Alliance (RBA) Code of Conduct and asking all current and potential suppliers to review, understand, act in accordance with, and implement its social, environmental and ethical standards throughout their businesses. We also adhere to the UK Modern Slavery Act and the California Transparency in Supply Chains Act.

When selecting new suppliers, we employ a qualification process that typically includes supplier visits and/or quality audits of their people, processes and capabilities. We contractually require our suppliers to adhere to our



We also worked with a third-party firm to create a new compliance portal for suppliers that provides multiple ways to get assistance and training around conflict minerals. Suppliers can choose the training they want and access a compliance guide. In 2019, we conducted a training webinar for suppliers to detail our compliance program, operations standards and expectations around substances of very high concern.

By partnering with our suppliers, maintaining transparency and building trust throughout our supply chain, we can amplify our efforts to create a more just and humane world. For more information on our human rights efforts in our supply chain, please see our [content index](#).

[Supply Chain Human Rights policy](#). Our policy, which is aligned with the RBA Code of Conduct, covers labor rights, safe and healthy work environments for employees, adherence to applicable environmental and employment laws, metals and minerals responsibility, ethical business practices and more. To fulfill our duty of oversight, we continually assess our suppliers' performance and work with any noncompliant suppliers on identifying and implementing corrective actions.

In 2019, we added newly acquired Orbotech and SPTS under the KLA RBA umbrella. Even with the additional suppliers and obstacles introduced by the pandemic, we achieved our goal to get 85% of our targeted suppliers to participate in the annual RBA Facility Supplier Assessment Questionnaire, which assesses the supplier's compliance to the RBA Code of Conduct.

Tier 1 Supplier Assessments



Advancing Leadership

Empowering today's leaders—and tomorrow's—
by infusing our values in everything we do.

KLA products help solve big problems. But it's our 10,000+ employees around the world who make innovation happen. We're committed to helping our people grow their careers by providing them with the guidance and opportunities to take risks and make breakthroughs. From leadership training and community education to sound governance and the values that guide us, we believe an investment in our people is an investment in a more inspiring, forward-looking world.



+ Our People Make the World a Brighter Place

We take on tough challenges that require complex, technical solutions—and our people are instrumental in pushing the boundaries of what our company and our products can do.



KLA was named as one of the Best Suppliers of 2019 by VLSI Research rating highest in customer satisfaction for technical leadership and application support.

Working in high performing teams. Staying honest, forthright and consistent. Persevering. Driving to be better. Becoming indispensable. These are the values we live by every day. It takes hard work—and a commitment to continuous learning along the way.

That's why we provide employees with the skills, confidence and support they need to get the job done—from career and ethics training to financial and wellness resources. Our governance structure keeps us grounded and compliant as we reach for the next innovative solution that will strengthen our customer relationships and make a positive impact on humanity.

“We see talent as our big differentiator. In our industry, you constantly need to innovate, making things better, faster, cheaper. And that requires the best brains out there.”

Sandra Mahadwar

Chief Inclusion and Diversity Officer and Senior Vice President,
Talent Management



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Advancing
Humanity

Advancing
Innovation

Advancing
Stewardship

Advancing
Opportunity

+ Advancing
Leadership

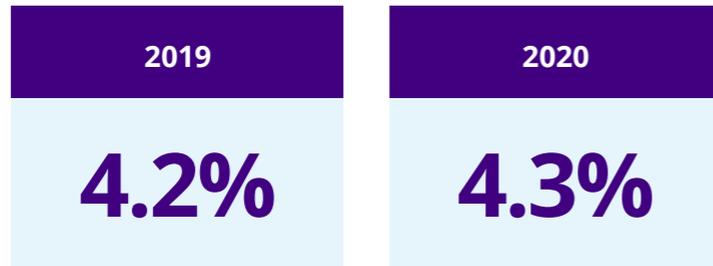
+ Shaping Leaders, Fulfilling Lives

Talent Development

We believe that helping employees do their best work goes beyond strengthening their skills. That’s why we take a holistic approach to talent development. From coaching and career courses to family care and bonding leave, we aim to have our talent programs cover all dimensions of an employee’s life. They’re designed to help employees bring their whole self to work and enjoy a fulfilling career.

This is an approach that has served our company and our employees well, with our global turnover staying consistently low year-over-year.

Global Employee Voluntary Turnover*



*Turnover data does not include Orbotech/
SPTS employees

“In all the years spent at KLA, there are two things I love most: The opportunity to work on bleeding-edge technology with the best and brightest minds in the industry. And KLA’s culture that encourages new and bold ideas regardless of one’s position in the company.”

Vidya Ramanathan
Applications Engineering Manager

We’ve made progress, and we know there’s still much to be done. Work group adaptability, work-life balance and collaboration are all areas we’ll continue striving to improve in the year ahead.



When employees talk, we listen

In a year that brought unexpected hardship and uncertainty, employee engagement was more important than ever. But even before 2020, we put programs in place to ensure our employees’ voices are always heard. Through our engagement survey, we gauge how people are feeling about their work, whether they have the right skills to do their jobs, and how we can make KLA better.

2019 survey highlights:

- 86% of employees participated in the survey
- 83% believe alignment is key
- 82% of employees have confidence in senior leadership’s decisions to ensure company success, exceeding the Global High Performing Companies benchmark by 16 points
- At least 80% of employees perceive KLA as flexible and a company that makes changes to stay ahead of the competition



Cultivating Careers and Opening Doors Through Training

Our award-winning Corporate Learning Center and Learning and Knowledge Services every employee from the moment they enter their first KLA role to the time they leave. To support our mission of accelerating performance through learning, we provide employees with talent development planning, courses, coaching and team-building events.

KLA has been included in the Training Magazine Top 10 Hall of Fame since 2008.

In addition to group instruction, we provide facilitation and coaching to help employees push themselves and their teams further.

Our Corporate Learning Center team invests 60–70% of our typical work week in coaching and facilitation.

And because we do all of our talent development in-house, we keep the knowledge within KLA, providing even more value to the whole organization.

We also support continued learning through tuition reimbursement and have worked with some of the leading universities to create systems engineering programs so we can further develop our highest talent. For example, we partnered with Stanford University, San José State University and University of Michigan to develop and offer advanced, customized engineering programs for KLA employees.

Our Electronics, Packaging and Components group, which includes SPTS and Orbotech, has also made an impact with their employee development initiatives:

- In 2019, SPTS received the Investors in People Gold Standard, which includes a rigorous assessment and certification process. SPTS is one of only a few companies in the manufacturing sector to achieve a Gold Standard.
- In addition to conducting workshops that help employees develop their personal career goals and improve leadership skills, Orbotech continued its Electronics, Packaging and Components Innovation Program. The program not only focuses on technology, products and processes but also offers employees mentoring opportunities so they can explore possibilities beyond their current role.

Taking teams to new heights

Our talent development initiatives go beyond helping employees grow as individuals. We also support entire teams as they work to carry out our corporate objectives. In 2020 and 2021, the Corporate Learning Center has facilitated several global teams through a framework to help them define their strategic direction. Through virtual sessions with leaders and their broader teams, we worked with Customer Experience, Global Workplace Services and Cybersecurity to help them create their group's mission, vision and strategies.

“With our mission, vision and strategies defined, we’ve been able to energize and align more than 400 engineers in our group during one of the most challenging and rewarding years in our company’s history.”

Mark Shirey

Vice President of Customer Engagement

Expanding Access to Employee Learning

Due to the global pandemic, the Corporate Learning Center and Learning and Knowledge Services quickly moved to virtual learning and augmented reality training. Despite the perceived constraints, this “borderless” classroom ultimately helped us reach more students around the world. In the second quarter of 2020, we taught four times as many students as the same quarter in the previous year. Reaching more students provides a richer mix of attendees who can benefit from different experiences and backgrounds.

“By building a true global community, we’re democratizing learning at KLA. One of our goals is to ensure that every single employee is able to realize five or more days of development annually to meet their needs.”

Glenn Hughes

Senior Director of Learning and Development

Training the Leaders of Tomorrow

At KLA, we have a strong focus on leadership training. Our Enterprise Leadership Program (ELP), which spans two years, prepares KLA employees to fill future leadership roles. In 2019, 125 employees participated in the program.

As we strive for gender equity, we also place particular emphasis on developing KLA’s women leaders. In 2019 and 2020, several of our women employees in the United States participated in Women Unlimited’s programs, which provide mentorship and coaching to develop leadership skills to women advancing into manager and director-level positions and to women in the early stages of their career.

Extending Our Community Reach

When we invest in our young people, we’re investing in a brighter future. We help students develop the skills they need to pursue meaningful careers that make a difference. Through our Urbanek Education Fund, we award higher education funding to children of KLA employees.

As of 2020, the Urbanek Education Fund has helped more than 350 students with \$5.2 million in education grants.

For more about how KLA supports community efforts to develop technical talent, see our [Community Engagement section](#).

Collaborating Across Teams to Improve Communication

We strive to ensure that our company messages are clearly communicated so employees have all the information they need to make good decisions. To support that goal, our Corporate Learning Center’s award-winning digital media team partners with the Global Communications team to create compelling video messages.

+ How We Work Shows Who We Are

Business Ethics and Compliance

Working ethically and complying with our legal obligations have always been central to the way we conduct business. At KLA, we continuously strive to create and maintain an ethical and legally compliant culture where everyone is aligned around our value systems, policies and procedures. That means regularly assessing our risk and adjusting our approach as needed.

With our values leading the way, we hold ourselves to the highest standards, acting with integrity, strengthening our reputation and solidifying our position as an industry leader.

“At KLA, we pride ourselves on how we do our work and the high standards and values that we practice. Our values serve as a foundation for how we conduct our business and build trust with our customers, partners, shareholders and colleagues.”

Rick Wallace

President and Chief Executive Officer

What We Value

We encourage our employees to embrace our values at every turn. It's how we set high standards to advance humanity here at KLA and beyond. Our values are the cornerstone of our corporate culture and guide our standards of business conduct—how we're expected to behave with each other, our customers, suppliers, partners and community.

Perseverance

Drive to Be Better

High Performance Teams

Honest, Forthright, Consistent

Indispensable for Customers



Strengthening our Ethical Culture

As KLA has grown through acquisitions, new hires, entering new markets and seizing other new opportunities, our leaders recognized the need to evolve our ethics and compliance program. That's why in 2019, KLA hired our first full-time chief compliance officer who has built our dedicated ethics and compliance team.

We also continued to mature our programs through the development of a compliance effectiveness program, which includes assessing KLA's most significant criminal and regulatory risks and ensuring that we have effective compliance programs to prevent, detect and remediate issues as they arise.

In addition, we conducted several internal and external reviews of certain programs, such as our trade compliance and privacy programs, and identified opportunities to further enhance and mature our initiatives. We've also refined our training offerings to ensure that our employees know what's expected of them. In recent years, we:

- Rolled out a new standards of business conduct web-based training course
- Developed and delivered more targeted and role-based training
- Created a multi-year, risk-based training program

We value feedback from our employees on these efforts, and, in 2020, we partnered with Ethisphere to deliver a global Ethical Culture Assessment to discover how employees view our program and where we can improve.

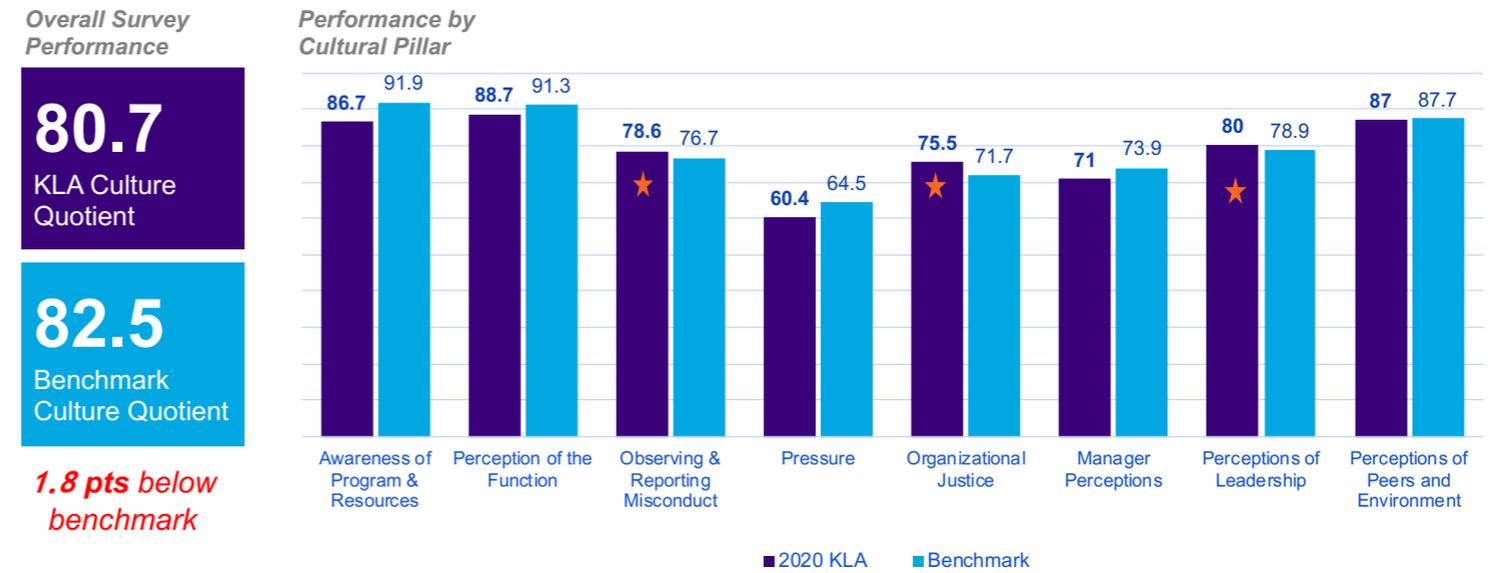
The assessment measured eight key areas, including: awareness of our business ethics and compliance program, perception of our function, reporting misconduct, pressure to compromise standards, organizational justice, and perception of supervisors, leadership, co-workers and the work environment. Here's what we found:

KLA exceeds our peer companies in:*

- Observing and reporting misconduct
- Organizational justice—holding wrongdoers accountable
- Perceptions of conduct, values and leadership communication

Ethical Culture Assessment Culture Quotient and Summary Pillar Scores

KLA exceeds benchmark across three of eight pillars measured as part of the Ethical Culture Assessment



*The Ethisphere® Institute Ethical Culture Perceptions Assessment 2020

Taking the Next Step with Values in Action

Our Values in Action program is an innovative standards of business conduct training program that incorporates internal and external instructors, interactive exercises, discussions and polling questions and involves about 10 hours of in-depth training. Values in Action covers 10 subject areas such as the importance of speaking up, anti-bribery and corruption, trade compliance, privacy, and inclusion and diversity. Based on our five core values, the new program launched in 2021 to more than 1100 senior managers and higher and will be rolling out to the broader employee base in our next phase.

Not only will the Values in Action program propel our ethics and compliance efforts forward, but it will also get employees talking about these important issues without fear of retaliation. When employees have the power to speak up and raise concerns in a safe environment, our entire organization thrives.

By deepening our ethical culture and modeling it—not only for employees but for our suppliers and customers as well—we have an opportunity to make a meaningful impact in advancing responsible business and spreading ethical practices.

“As we saw from our Ethical Culture Survey results, when we talk about ethics and compliance issues, trust goes up, and people are more willing to raise issues right away. This gives us the opportunity to immediately address concerns, ultimately making our company stronger.”

Mark Gursky
Vice President and Chief Compliance Officer

“When we enhance our compliance program to be a lighthouse for the rest of the company, it becomes a great recruiting and retention tool. Who wouldn’t want to work at a company where they can be their true self and turn to someone if they need help or have questions?”

Dylan Owens
Ethics and Legal Compliance Program Manager



Staying Accountable with Sound Governance

Corporate Governance

A strong approach to corporate governance provides KLA with the foundation for sustainable growth. We are committed to having the proper rules, practices and processes in place to run our business responsibly and in compliance with applicable regulations, standards and mandates.

We strive to uphold the principles of corporate governance—accountability, transparency, fairness and responsibility—in everything we do. We know that good corporate governance helps companies build trust with investors and the community since it shows our direction and business integrity. As a result, it helps us promote financial viability by creating a long-term investment opportunity for the market.

Here's how corporate governance works at KLA:

- KLA is governed by a Board of Directors established in accordance with applicable laws and the company's [Corporate Governance Standards](#).
- Each Board committee has [its own charter](#), which defines the oversight responsibilities of those committees.
- The Board has three standing committees: the Audit Committee, the Compensation and Talent Committee and the Nominating and Governance Committee.
- Management has a responsibility to the Board to ensure that the Board and its committees are fully informed about the company, its activities, employees, customers and suppliers.



Seeking Improvement at Every Turn

Even with a good framework in place, effective corporate governance is an evolving journey. We strive to meet the evolving needs of shareholders, employees, customers, suppliers and the communities we impact. We're always looking for ways to improve our programs.

“One of my personal goals is to continuously be a leader in corporate governance. This requires a consistent and ongoing comparison against our peer group to stay ahead of the curve.”

Jeffrey Cannon
Associate General Counsel



Since our last report, we made the following governance improvements:

- Stakeholders requested more environmental disclosures on our website. Specifically, they asked for a comprehensive ESG report. This report and our ESG program are a direct response to that request. We will continue to grow our reporting and disclosure on these critical topics.
- We strengthened our shareholder outreach initiatives. We currently conduct shareholder outreach on an annual basis to determine what improvements some of our largest shareholders would like to see at KLA. We also keep in close communication with shareholders regarding our company, products and services through our investor relations website, which includes SEC filings, press releases, public earnings calls and conference webcasts.
- We made changes to the Compensation and Talent Committee charter include oversight of human capital, incorporating inclusion and diversity, and the audit committee now annually reviews cybersecurity initiatives.
- We continue to report our climate progress to CDP's global environmental impact disclosure system and our overall ESG efforts to the Dow Jones Sustainability Index to gauge our progress against peers and strive for continuous improvement.



+ Charting a Path for a Brighter Future

Over the past two years, we've come a long way—breaking barriers with innovative solutions, making strides toward a smaller environmental footprint, opening doors for our employees and communities, and nurturing the leaders who will guide us to tomorrow. We're proud of our progress and inspired to continue making an impact as we look ahead to the next phase in our journey to shape the future and advance humanity.



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Advancing
Humanity

Advancing
Innovation

Advancing
Stewardship

Advancing
Opportunity

+ Advancing
Leadership

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Disclosure	Description	Location/Response
General Disclosures		
Organizational profile		
GRI 102-1	Name of the organization	KLA 2020 Annual Report, PDF pg. 7
GRI 102-2	Activities, brands, products, and services	KLA 2020 Annual Report, PDF pg. 13-20
GRI 102-3	Location of headquarters	KLA 2020 Annual Report, PDF pg. 7
GRI 102-4	Location of operations	KLA: Locations
GRI 102-5	Ownership and legal form	KLA 2020 Annual Report, PDF pg. 7
GRI 102-6	Markets served	KLA: Solutions KLA 2020 Annual Report, PDF pg. 24
GRI 102-7	Scale of the organization	KLA: Company

Disclosure	Description	Location/Response
SASB TC-SC-000.A	Total production	KLA: Company
SASB TC-SC-000.B	Percentage of production from owned facilities	100%
GRI 102-8	Information on employees and other workers	KLA: Company
GRI 102-9	Supply chain	KLA 2020 Annual Report, PDF pg. 25-26
GRI 102-10	Significant changes to the organization and its supply chain	KLA 2020 Annual Report, PDF pg. 11
GRI 102-13	Membership of associations	Responsible Business Alliance; SEMI; The Semiconductor Environmental Safety and Health Association
Strategy		
GRI 102-14	Statement from senior decision-maker	Global Impact Report, A Letter From Our CEO, PDF pg. 6
GRI 102-15	Key impacts, risks, and opportunities	Global Impact Report, Our ESG Strategy, PDF pg. 4

Disclosure	Description	Location/Response
Ethics and integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	Global Impact Report, Making Life Better with Every Innovation
GRI 102-17	Mechanisms for advice and concerns about ethics	KLA has an ethics hotline and online portal which is operated by an independent organization. KLA employees, contractors, customers, suppliers and community members have access to the hotline and portal and are encouraged to raise questions and/or concerns related to ethics through these platforms. Employees and our third-party partners are made aware of the ethics hotline/portal through the KLA Standards of Business Conduct, the Values in Action training, communications from the CEO and through the Supplier Standards of Business Conduct. Individuals can submit an anonymous concern which is communicated to the KLA ethics team and addressed by KLA employees specifically trained to investigate such concerns. The KLA Vice President and chief compliance officer reports to the Audit Committee of the Board of Directors once a quarter regarding the volume, region and summary of issues raised through the hotline/portal.
Governance		
GRI 102-18	Governance structure	KLA 2020 Proxy Statement, PDF pg. 13-17
GRI 102-19	Delegating authority	In 2020, KLA established a Corporate Social Responsibility Committee (CSR Committee) and an Environmental, Social and Governance (ESG) Steering Committee. The CSR committee is a working group composed of representatives from across KLA. The CSR committee reports up to the ESG Steering Committee. The ESG Steering Committee is composed of global leaders from across our corporate groups. The ESG Steering Committee implements and executes our ESG strategy under the oversight of the executive team and Board of Directors. Each member of the ESG steering committee disseminates information and delegates responsibility to the members of his/her team.
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	KLA's chief strategy officer has executive-level responsibility for economic, environmental and social topics. The chief strategy officer interfaces directly with KLA's CEO and Board of Directors to align on corporate sustainability strategy and programmatic progress.

Disclosure	Description	Location/Response
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	KLA conducts a bi-annual materiality assessment with the support of qualified third-party consulting partners. Through the materiality assessment, KLA directly engages with a range of stakeholders including investors, employees, executives and leaders from the KLA Foundation. Conclusions from the materiality assessment are shared with the members of KLA's executive leadership team. Also, through the KLA Foundation, we maintain a portfolio of strategic partners with whom we maintain an ongoing relationship.
GRI 102-22	Composition of the highest governance body and its committees	KLA 2020 Annual Report, PDF pg. 13-18
GRI 102-23	Chair of the highest governance body	KLA 2020 Annual Report, PDF pg. 13
GRI 102-24	Nominating and selecting the highest governance body	KLA 2020 Annual Report, PDF pg. 16-17
GRI 102-25	Conflicts of interest	KLA 2020 Annual Report, PDF pg. 28
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	The KLA ESG Steering Committee, comprising vice-president level leaders from across KLA, is responsible for (a) setting general strategy relating to ESG matters, (b) developing, implementing and monitoring initiatives and policies based on that strategy, (c) overseeing communications with employees, investors and stakeholders concerning ESG matters, and (d) monitoring and assessing developments relating to, and improving the KLA's understanding of ESG matters.
GRI 102-29	Identifying and managing economic, environmental, and social impacts	KLA, and specifically the ESG Steering Committee, identifies the impact of different ESG topics on the company through a bi-annual materiality assessment. KLA engages internal and external stakeholders in the process of identifying those priority ESG topics. The materiality assessment also helps inform how KLA will manage the risks and opportunities posed by ESG topics.
GRI 102-31	Review of economic, environmental, and social topics	KLA conducts a bi-annual full materiality assessment during which the ESG Steering Committee reviews the ESG topics of greatest significance to KLA and their impacts, risks and opportunities.

Disclosure	Description	Location/Response
GRI 102-32	Highest governance body's role in sustainability reporting	Members of KLA's executive leadership team are involved in the formal review and approval of the company's sustainability report.
GRI 102-33	Communicating critical concerns	KLA Standards of Business Conduct, PDF pg. 32
GRI 102-35	Remuneration policies	KLA 2020 Proxy Statement, PDF pg. 24-27, 43-44, 57
GRI 102-36	Process for determining remuneration	KLA 2020 Proxy Statement, PDF pg. 24-27, 43-44, 57
GRI 102-37	Stakeholders' involvement in remuneration	KLA 2020 Proxy Statement, PDF pg. 45
GRI 102-38	Annual total compensation ratio	KLA 2020 Proxy Statement, PDF pg. 77
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	During our bi-annual materiality assessments, KLA engages a range of internal and external stakeholders to gather their input and perspective. The stakeholders commonly engaged through this effort includes: the ESG steering committee, KLA employees and investors. KLA also engages regularly with our suppliers and customers as part of our research and development efforts.
GRI 102-41	Collective bargaining agreements	KLA 2020 Annual Report, PDF pg. 27

Disclosure	Description	Location/Response
GRI 102-42	Identifying and selecting stakeholders	KLA identifies and selects the stakeholders with which we engage by first considering the groups that impact our organization and/or are impacted by our organization. We strive to create room for feedback from groups that interact with KLA more regularly, as those stakeholders may benefit the most from changes made by the company.
GRI 102-43	Approach to stakeholder engagement	KLA approaches stakeholder engagement through several methods, including one-on-one conversations, focus groups, surveys and email.
GRI 102-44	Key topics and concerns raised	Global Impact Report, Our ESG Strategy
Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	KLA 2020 Annual Report, PDF pg. 11
GRI 102-46	Defining report content and topic Boundaries	As part of our materiality assessment, KLA defined the content for our Global Impact Report and boundaries for each of our top material topics through the following process: <ul style="list-style-type: none"> • Screening sector-specific ESG frameworks • Benchmarking competitors' and customers' material topics and ESG focus areas • Incorporating key topics from the previous KLA materiality assessments • Incorporating key topics from existing KLA risk management framework
GRI 102-47	List of material topics	Global Impact Report, Our ESG Strategy
GRI 102-48	Restatements of information	None
GRI 102-49	Changes in reporting	In this 2020 Global Impact Report, KLA is reporting all data by calendar year, unless otherwise noted.

Disclosure	Description	Location/Response
GRI 102-50	Reporting period	January 1, 2019 - December 31, 2020
GRI 102-51	Date of most recent report	2018
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	ESG@kla.com
GRI 102-54	Claims of reporting in accordance with the GRI Standards	This report was written taking the GRI Standards into consideration.
GRI 102-55	GRI content index	KLA Content Index
GRI 102-56	External assurance	No external assurance

Disclosure	Description	Location/Response
Corporate Governance		
GRI 103-1	Explanation of the material topic and its Boundary	Maintaining clear and consistent corporate governance practices helps KLA build trust with investors, customers, employees and the broader community. Strong management of corporate governance helps promote financial viability by creating a long-term investment opportunity for market participants, creating transparency of controls and aligning shareholders, directors and officers. Without strong corporate governance, KLA risks losing cohesive direction as an organization, trust within the investor community and financial viability.
GRI 103-2	The management approach and its components	KLA's approach to managing corporate governance starts with the Board of Directors and its three committees: Audit, Compensation and Talent, and Nominating and Governance. There is a charter for each committee , outlining the associated oversight responsibilities. Members of the Board communicate directly with KLA's chief legal officer regarding corporate governance expectations. The chief legal officer, together with the associate general counsel, work to disseminate expectations to the executive leadership team and the entire employee body. Employees take courses on anti-corruption and bribery, regulatory compliance, insider trading, conflicts of interest and other corporate governance topics through KLA's Corporate Learning Center.

Disclosure	Description	Location/Response
Business Ethics & Compliance		
GRI 103-1	Explanation of the material topic and its Boundary	At KLA, we believe that maintaining a strong culture of ethics and compliance provides many benefits, including motivating employees, delivering value to shareholders, establishing trust with customers and building a positive corporate reputation. We are committed to upholding the highest ethical standards in everything we do, and clearly communicating these expectations to all KLA employees. Over the past several years, KLA has acquired several companies which introduced a substantial number of new employees across a broad geographic reach. Familiarizing new employees, both from outside hiring and through acquisitions, with KLA's ethics and compliance standards is a key focus for company leadership.
GRI 103-2	The management approach and its components	KLA's vice president and chief compliance officer leads company efforts on ethics and compliance. Our Standards of Business Conduct is available in 10 languages and establishes company-wide ethics and compliance standards covering topics such as conflicts of interest, anti-bribery and corruption, protecting sensitive information, government relations and antitrust and competition laws. We partner with an independent organization to host an ethics portal and hotline, called EthicsPoint, which is available to all KLA employees and business partners. When concerns or questions are submitted anonymously through the portal/hotline, they are routed to a KLA employee trained to conduct relevant investigations. Our chief compliance officer provides quarterly updates to the Audit Committee of the Board of Directors on ethics and compliance topics and strategies, including on investigation matters and reports submitted through KLA's EthicsPoint hotline. The full Board of Directors also reviews and approves any changes to KLA's Standards of Business Conduct on an annual basis. Periodically, KLA conducts a survey to gauge employee perceptions of the company's ethics program.

Disclosure	Description	Location/Response
Materials & Waste		
GRI 103-1	Explanation of the material topic and its Boundary	Improving the tracking and analysis of material inputs used and waste outputs from the production of KLA products presents an area of opportunity for the company to reduce our environmental footprint and operating costs. Using materials more responsibly and reducing waste can enhance employee, supplier and customer health and wellness, optimize product inputs, be a source of innovation and competitive value creation, improve operational resilience and enhance KLA's reputation.
GRI 103-2	The management approach and its components	KLA has a company-wide Environmental Management Policy which establishes a standard commitment to complying with all applicable environmental laws and standards across company locations globally. The vice president of global workplace services at KLA drives the overarching strategy which is enacted by regional facility leads. Three of our sites are certified to ISO 14001: Milpitas, California; Israel; and Singapore.
GRI 306-2	Waste by type and disposal method	2019-2020 ESG Fact Sheet
Climate & Energy		
GRI 103-1	Explanation of the material topic and its Boundary	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.
GRI 103-2	The management approach and its components	KLA has a company-wide Environmental Management Policy which establishes a standard commitment to complying with all applicable environmental laws and standards across company locations globally. The vice president of global workplace services at KLA drives the overarching strategy which is enacted by regional facility leads. Three of our sites are certified to ISO 14001: Milpitas, California; Israel; and Singapore.

Disclosure	Description	Location/Response
GRI 302-1	Energy consumption within the organization	2019-2020 ESG Fact Sheet
SASB TC-SC-130a.1		
GRI 302-4	Reduction of energy consumption	2019-2020 ESG Fact Sheet
SASB TC-SC-130a.1	Percentage of energy consumed sourced from grid electricity	2019-2020 ESG Fact Sheet
	Percentage of energy consumed from renewable sources	2019-2020 ESG Fact Sheet
GRI 305-1; SASB: TC-SC-110a.1	Direct (Scope 1) GHG emissions	2019-2020 ESG Fact Sheet
GRI 305-2	Energy indirect (Scope 2) GHG emissions	2019-2020 ESG Fact Sheet
GRI 305-3	Other indirect (Scope 3) GHG emissions	2019-2020 ESG Fact Sheet
GRI 305-5	Reduction of GHG emissions	2019-2020 ESG Fact Sheet

Disclosure	Description	Location/Response
SASB: TC-SC-110a.1	Amount of total emissions from perfluorinated compounds	Omission statement: This metric is not relevant to KLA as the company does not emit a significant amount of perfluorinated compounds from our operations.
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	In 2021, KLA completed a comprehensive greenhouse gas emissions inventory covering our Scope 1, Scope 2 and Scope 3 emissions. We are using the results of that assessment to update our long- and short-term strategies to manage emissions. We are also currently developing emissions reduction targets based off our inventory.
Water Management		
GRI 103-1	Explanation of the material topic and its Boundary	Water management is material to KLA because company facilities located in high water stress regions are at risk of increased operating costs as the resource becomes more constrained. By effectively and efficiently managing our water use, KLA can reduce operating expenses, improve operational resilience, reduce exposure to potential regulations and positively impact the ability of local communities to access water.
GRI 103-2	The management approach and its components	KLA has a company-wide Environmental Management Policy which establishes a standard commitment to complying with all applicable environmental laws and standards across company locations globally. The vice president of global workplace services at KLA drives the overarching strategy which is enacted by regional facility leads. Three of our sites are certified to ISO 14001: Milpitas, California; Israel; and Singapore.
GRI 303-5	Water consumption	2019-2020 ESG Fact Sheet
SASB: TC-SC-140a.1		

Disclosure	Description	Location/Response
Talent Development		
GRI 103-1	Explanation of the material topic and its Boundary	To support the innovation necessary to drive the continual improvement of KLA products and meet the needs of our customers, it is vital for KLA to maintain a strong talent attraction, retention and development program. The professional development opportunities offered by KLA support individual employees in their efforts to expand their skillsets and realize their career goals. At the same time, KLA's training programs help fulfill opportunity areas within the business and position the company to continue delivering high-quality products and services to customers.
GRI 103-2	The management approach and its components	KLA offers competitive compensation and benefits packages to attract and retain talent and we regularly benchmark these offerings to ensure we remain competitive. We also support the professional development of our employees and address emerging talent needs by offering extensive training opportunities, largely through our Corporate Learning Center.
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	KLA Careers Page
GRI 404-1	Average hours of training per year per employee	2019-2020 ESG Fact Sheet
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	KLA hosts a Corporate Learning Center through which we offer a wide range of web-based and instructor-led trainings to all employees across the globe. The main objectives KLA looks to achieve through the Corporate Learning Center are supporting employees in their career growth goals and filling talent gaps specific to KLA's product and service offerings.
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	2019-2020 ESG Fact Sheet

Disclosure	Description	Location/Response
SASB: TC-SC-330a.1	<p>Percentage of employees that are (1) foreign nationals and</p> <p>(2) located offshore</p>	As a global company, KLA has employees around the world. About 70% of our employees are based outside of the United States.
Human & Labor Rights / Supply Chain Management		
GRI 103-1	Explanation of the material topic and its Boundary	<p>KLA is committed to upholding the human rights and dignity of all people, including those employed through KLA, our subsidiaries and affiliates, and our suppliers. In addition, KLA believes that any activities that fuel social conflict, violate human rights or lead to serious environmental degradation are unacceptable. Incidents associated with human or labor rights can severely damage KLA's reputation both internally and externally, lead to compliance and legal costs and lawsuits and damage business relationships. By building and maintaining robust policies and protections of human and labor rights, KLA can remain a trusted employer and a business partner to employees, government regulators, business partners and investors.</p>
GRI 103-2	The management approach and its components	<p>KLA has robust policies and procedures in place to ensure respect for labor and human rights across our operations. We have a separate effort focused on upholding the same high standards for human and labor rights protections in our supply chain. We communicate these standards with all suppliers through the KLA Supply Chain/Human Rights Policy; by including our expectations in the terms and conditions of all KLA purchase and supplier agreements; maintaining a Standards of Business Conduct for suppliers, agents, and non-employee workers; and engaging suppliers through resources provided by the Responsible Business Alliance.</p> <p>Before partnering with a company, KLA evaluates potential suppliers through a selection and qualification process that is a critical part of our supply chain management strategy. These evaluations include site visits and/or quality audits of the supplier's people, processes and capabilities against pre-determined evaluation criteria. During these assessments, the team qualifies how well the supplier meets KLA's standards. Only the suppliers that meet KLA's standards and the overall selection criteria are chosen. The selected suppliers become part of KLA's supply base and are managed for continuous improvement through the KLA Supplier Scorecard program.</p> <p>The KLA Supplier Scorecard includes several qualitative and quantitative criteria used to ensure suppliers continue to adhere to KLA's policies and standards. When a supplier's performance is below a certain level on the Scorecard, we create a Supplier Action Request. KLA will discontinue business with suppliers that fail to either improve their Supplier Scorecard rating over a defined period or resolve requests in a timely manner. Our efforts to manage existing suppliers include planned business reviews, site visits and performance audits, which consider supplier adherence to KLA human rights policies. Site visits and performance-related audits occur when and if a supplier's Scorecard performance is declining and/or if supplier risk is determined through the course of normal supplier visits.</p>

Disclosure	Description	Location/Response
Health, Safety & Wellbeing		
GRI 103-1	Explanation of the material topic and its Boundary	The health, safety and wellbeing of our employees is of the utmost importance to KLA. Based on our business model, KLA has employees who predominately work in offices, those who work at our factories and those who travel to customer sites to help with installation, upkeep and updates of KLA products. These different job types bring with them slightly different health and safety risks, which we recognize and address through different trainings, policies and programs. Additionally, we recognize the importance of promoting and supporting the physical, mental and emotional wellbeing of our employees, which positions them to do their best work and minimizes risks for KLA.
GRI 103-2	The management approach and its components	KLA has a robust management program and runs multiple training efforts to maintain a consistent approach to employee health and safety across our global locations. Every new hire at KLA completes a health and safety orientation within their first week on the job. Each KLA manufacturing facility has a safety committee composed of local KLA health and safety experts that conduct quarterly safety, security and space audits. The results of these internal audits are used to create a facility-specific report card which highlights areas for improvement. We retain a fulltime ergonomist to optimize safety and human engineering for our products and safe, user-friendly work methods and environments for our employees. We provide regular ergonomic trainings to empower each employee with the information and tools they need to conduct more regular self-assessments. 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.
GRI 403-1	Occupational health and safety management system	All SPTS sites are certified to ISO 45001 occupational health and safety standards. KLA is in the process of rolling out a company-wide health and safety management system, which will be aligned with ISO 45001 standards.
GRI 403-2	Hazard identification, risk assessment, and incident investigation	We identify potential hazards in our facilities by conducting weekly inspections of chemical areas; utilization of our online Safety Incident Reporting System (SIRS) to report injuries, illnesses, accidents, near-misses or suggestions; and conducting quarterly safety, space and security audits. Once we identify a hazard, injury or near-miss, the facility manager along with members of the environmental, health and safety team, conducts an accident investigation to correct the hazard and determine the root cause. Currently, the Milpitas facility is in the process of implementing elements of the ISO 45001 Standard, which includes conducting a health and safety assessment of the facility. SPTS, being ISO 45001 certified, has conducted numerous health and safety risk assessments, and in Singapore, health and safety assessments have been completed as required by the Ministry of Manpower.
SASB: TC-SC-320a.1		

Disclosure	Description	Location/Response
GRI 403-5	Worker training on occupational health and safety	Through our Corporate Learning Center, employees receive a plethora of training on health and safety topics. For example, all employees receive Hazard Communication training, while employees that handle or work around hazardous materials receive a more extensive course called Hazardous Materials and Waste Handling. Other specific training includes Laser and Radiation Safety and Title 22 Hazardous Waste Management training. Through our ISO 14001 Environmental Management System, employees who handle hazardous materials must also complete the EMS-05 Hazardous Materials and EMS-08 Universal and Hazardous Waste procedures training.
Inclusion & Diversity		
GRI 103-1	Explanation of the material topic and its Boundary	KLA is committed to maintaining and strengthening a culture of inclusion and diversity across gender, nationality, race, ethnicity, background, sexuality and experience. We believe having a diverse employee base and creating a space where each person can be their full self at work provides us an ability to access, retain and benefit from the best talent from around the globe without limiting focus on a specific geography or demographic; creating a more inclusive environment for our employees; and inspiring a more creative approach to problem-solving and innovation.
GRI 103-2	The management approach and its components	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 and Talent Committee of the Board of Directors. The director of global I&D leads a team of employees dedicated to integrating of 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 town hall meetings, 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.
GRI 405-1	Diversity of governance bodies and employees	2019-2020 ESG Fact Sheet

Disclosure	Description	Location/Response
Innovation		
GRI 103-1	Explanation of the material topic and its Boundary	KLA is part of an industry where success is defined by a company's ability to rapidly innovate new technologies, tools and solutions. To maintain a competitive advantage and serve the needs of our customers, KLA must invest significant amounts of human and financial capital into innovation efforts. At KLA, we drive innovation through a combination of creating new technologies as well as close collaboration with customers to enhance existing technologies.
GRI 103-2	The management approach and its components	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.
SASB: TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	More than 99% of KLA products, by revenue, contain declarable substances.
	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 chips. 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 chip efficiencies improve.

Disclosure	Description	Location/Response
Community Engagement		
GRI 103-1	Explanation of the material topic and its Boundary	Community support and engagement is part of KLA's commitment to advancing humanity. The size and scope of our organization gives KLA the opportunity to make a positive and lasting impact on the communities in which our employees live and work. Addressing needs in our communities fosters employee engagement and pride, strengthens KLA's reputation, and secures our social license to operate.
GRI 103-2	The management approach and its components	The KLA Foundation is a 501(c)(3) organization that works seamlessly with the KLA Corporation to drive the company's community engagement and philanthropic efforts. The KLA Foundation is committed to advancing humanity by investing in our communities to create a more equitable, inclusive and accessible world. KLA's global environmental, social and governance (ESG) lead oversees the direction of the foundation while the non-profit is run by an independent director. The foundation director collaborates with employees across KLA's global footprint including site leads, the corporate communications team and executives of all the major groups to establish a consistent culture and garner executive sponsors and employee volunteers for various activities. The KLA Foundation strategically partners with organizations that know their communities best to create upstream solutions for sustainable change and empower our employees to get involved in causes that are close to their hearts. The focus areas of KLA community engagement efforts include education, wellness and community enrichment. KLA hosts a global giving platform, available to all employees, through which individuals can track donations, request donation matches, search for volunteer opportunities, track volunteer hours and access campaigns organized by KLA. In partnership with the foundation, KLA offers the following programs: an employee donation match program, up to \$10,000 annually to eligible non-profit organizations; a Dollars for Doers program, which offers employees \$10 per hour of charity credit, up to \$500, for employee volunteer hours; and a disaster relief program, which consists of a Foundation budget dedicated to meet the immediate needs of disaster survivors.
	Total giving	2019-2020 ESG Fact Sheet

Disclosure	Description	Location/Response
Cybersecurity / IP Protection		
GRI 103-1	Explanation of the material topic and its Boundary	KLA operates in a competitive industry where success is closely tied to how rapidly a company can innovate new products and services. To ensure KLA maintains its competitive edge it is vital that the company protect its data and IP. KLA also handles customer information and data and is committed to protecting that information with the same rigor used to guard company IP. Having strong data protection systems in place helps KLA build trust and maintain its reputation with customers.
GRI 103-2	The management approach and its components	KLA's chief information security officer (CISO) leads the company's cybersecurity and IP protection efforts. The CISO reports to the Board of Directors on a quarterly basis on topics such as cyber threats to the business, KLA programs and advances in cybersecurity best practices. The CISO develops and executes on a strategic plan which covers internal threat management, external threat management, product security and foundational cybersecurity needs. KLA conducts an internal top-down cybersecurity and IP risk assessment on an annual basis in addition to periodic external vulnerability testing by third-party organizations. Additionally, KLA hosts a security operations center which monitors the global corporate environment for malicious threats 24 hours a day, seven days a week. To engage all employees in cybersecurity and IP protection efforts, KLA requires every individual that joins the organization to complete several training sessions on how to best protect customer and company sensitive information.

Forward-Looking Statement

Certain statements in this report, other than statements or characterizations of historical fact, such as 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 are forward-looking statements and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on current information and expectations and involve a number of risks and uncertainties. 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; the impact of the COVID-19 pandemic on the global economy and on our business, financial condition and results of operations, including the supply chain constraints we are experiencing as a result of the pandemic; economic, political and social conditions in the countries in which we, our customers and our suppliers operate, including global trade policies; disruption to our manufacturing facilities or other operations, or the operations of our customers, due to natural catastrophic events, health epidemics or terrorism; 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 ability to timely develop new technologies and products that successfully anticipate or address changes in the semiconductor industry; our ability to maintain our technology advantage and protect our proprietary rights; our ability to compete with new products introduced by our competitors; our ability to attract and retain key personnel; cybersecurity threats, cyber incidents affecting our and our service providers' systems and

networks and our ability to access critical information systems for daily business operations; 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; exposure to a highly concentrated customer base; availability and cost of the wide range of materials used in the production of our products; our ability to operate our business in accordance with our business plan; legal, regulatory and tax environments in which we perform our operations and conduct our business and our ability to comply with relevant laws and regulations; our ability to pay interest and repay the principal of our current indebtedness is dependent upon our ability to manage our business operations, our credit rating and the ongoing interest rate environment, among other factors; instability in the global credit and financial markets; our exposure to currency exchange rate fluctuations, or declining economic conditions in those countries where we conduct our business; changes in our effective tax rate resulting from changes in the tax rates imposed by jurisdictions where our profits are determined to be earned and taxed, expiration of tax holidays in certain jurisdictions or changes in tax laws or the interpretation of such tax laws; and our ability to identify suitable acquisition targets and successfully integrate and manage acquired businesses.

For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this report, please refer to KLA Corporation's Annual Report on Form 10-K for the year ended June 30, 2021, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). KLA Corporation assumes no obligation to, and does not currently intend to, update these forward-looking statements.



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