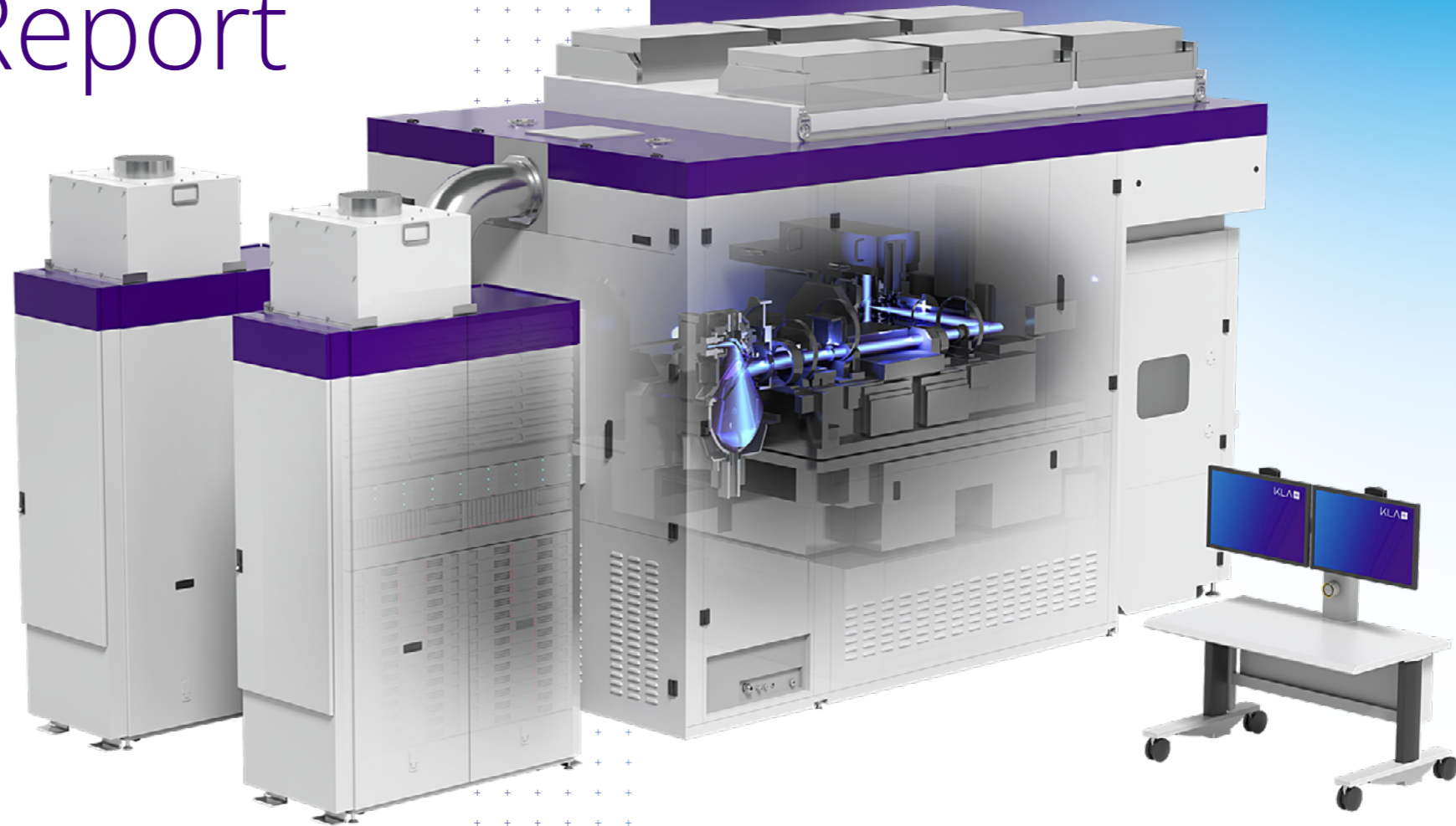# KLA

Global Impact Report

2023

CEO Message

We are excited to announce that, in 2024, KLA received approval from the Science Based Target initiative (SBTi) for our near-term, science-based targets covering Scope 1, 2 and 3 greenhouse gas (GHG) emissions. KLA is committed to reducing absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2021 base year and to reducing our Scope 3 GHG emissions from the use of sold products 52% per billion transistors inspected, measured, or processed within the same timeframe.

In addition to our SBTi validated targets, KLA continues to demonstrate meaningful progress to achieving 100% renewable electricity by 2030 across our global operations and aims to achieve net-zero Scope 1 and 2 emissions by 2050. KLA has also achieved limited third-party verification of our Scope 1, 2 and 3 GHG inventory.

Our top priority is helping customers achieve their goals with innovative tools and equipment. Since process control is our business, this means we also partner with our customers to deliver products and services that help them reduce waste and avoid GHG emissions. We approach our customers' challenges like they are our own, supporting them on their respective journeys to make better products a better way.

Our approach is similar with our suppliers, and in 2023, we engaged key members of our supply chain to disclose metrics to CDP and work toward establishing climate goals covering emissions in their own operations. This effort is designed to drive improvements throughout KLA's value chain, and we believe that over time, can help reduce the overall GHG footprint of the semiconductor industry.

Internally, we continued investing in our global teams, including expanding our employee development and inclusion programs. This contributed to KLA being named a top company for women in 2023 by Forbes magazine. KLA also expanded our commitments in the communities where we live and work, awarding $5.2 million in grants across 14 regions through the KLA Foundation.

This year's Global Impact Report highlights the progress we have made in the last 12 months and helps us focus on the critical areas where KLA – and our extensive ecosystem of customers, suppliers and employees – can tackle the next challenge.

Rick Wallace
President and
Chief Executive Officer

**Global Impact Report
2023**

About this Report

KLA Corporation's (KLA) Global Impact Report discloses the company's most significant environmental, social and governance (ESG) activities and impacts for calendar year (CY) 2023, showing how we manage and measure progress against our ESG goals and stakeholder expectations.

The report's content aligns with topic areas identified in our ESG materiality assessment (refreshed in 2022) as key priorities for both our stakeholders and KLA's sustainable growth. When preparing this report, we considered recommended disclosures from the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) semiconductor industry standard and the Task Force on Climate-Related Financial Disclosures (TCFD). See the Appendix for more information.

Our Scope 1, 2 and 3 GHG data are subject to a limited level of third-party assurance and our water and waste data undergo both internal review and external audits using the ISO 14001 framework for environmental management systems. See Environmental Management for the scope of the audit.

Unless otherwise noted, all year references and data reflect KLA's global operations for CY 2023. Monetary figures are in United States dollars (USD), with some data figures rounded using standard conventions.

KLA's Keep Looking Ahead™ tagline communicates our optimistic view of how technology can positively impact the world. While we highlight and celebrate our 2023 ESG achievements, we also recognize that we must constantly challenge ourselves as a company and as individuals to continue making progress toward our sustainability goals. Throughout the report, Keep Looking Ahead sections preview specific ESG initiatives we're planning for 2024 and beyond.

For more information about our ongoing ESG activities, please contact ESG@kla.com.

About KLA

KLA develops industry-leading equipment and services that enable innovation throughout the electronics industry. Virtually all key technological breakthroughs that shape our age — from laptops and cell phones to AI and robotics — have relied on KLA innovations to reach the market.

The core of our business is creating comprehensive process control and process-enabling solutions for manufacturing semiconductor wafers and reticles, integrated circuits (ICs or chips), packaging and printed circuit boards. In collaboration with leading partner companies around the globe, our physicists, engineers, data scientists and problem-solvers design solutions that help transform our world and advance humanity, including efficiencies that can aid the transition to a low-carbon economy.

Our comprehensive portfolio of inspection and metrology products and related software, systems and services helps IC manufacturers improve yield and efficiency throughout the semiconductor fabrication process. From research and development (R&D) to final volume production, the vast majority of bare wafer, IC, lithography, reticle and disk manufacturers rely on KLA's products and solutions to accelerate their development and production ramp cycles, achieve higher and more stable semiconductor die yields, and boost profitability and sustainability.

BUSINESS SNAPSHOT[1]

18
regions

~15,000
employees

$1.3B

invested in R&D in calendar year 2023, an increase of 4% over 2022

$9.7B

calendar year 2023 revenue, a decrease of $0.8 billion over 2022

KLAC

Nasdaq

[1] As of December 31, 2023

Our ESG Strategy

KLA's ESG strategy is built around four strategic pillars structured to advance opportunity, innovation, environmental stewardship and leadership. Within these pillars, specific focus areas and objectives help us prioritize ESG investments and drive progress across our value chain, from our people and operations to our products, services and partnerships. Our strategy aligns with the United Nations Sustainable Development Goals (UN SDGs) helping advance a more sustainable future for all by 2030.

Advancing Opportunity

Work toward creating a world where everyone can reach their full potential

FOCUS AREAS

Talent

Inclusion and Diversity

Human and Labor Rights

Health, Safety and Well-being

Community Engagement

Advancing Innovation

Invest in R&D, foster collaborative teams and promote a passion for excellence

FOCUS AREAS

Product Stewardship and Innovation

Cybersecurity and IP Protection

Responsible Sourcing

Advancing Stewardship

Advance environmental stewardship and shape a more sustainable future

FOCUS AREAS

Climate and Energy

Materials and Waste

Water Management

Advancing Leadership

Empower our leaders by infusing our foundational values into everything we do

FOCUS AREAS

Corporate Governance and ESG

Business Ethics and Compliance

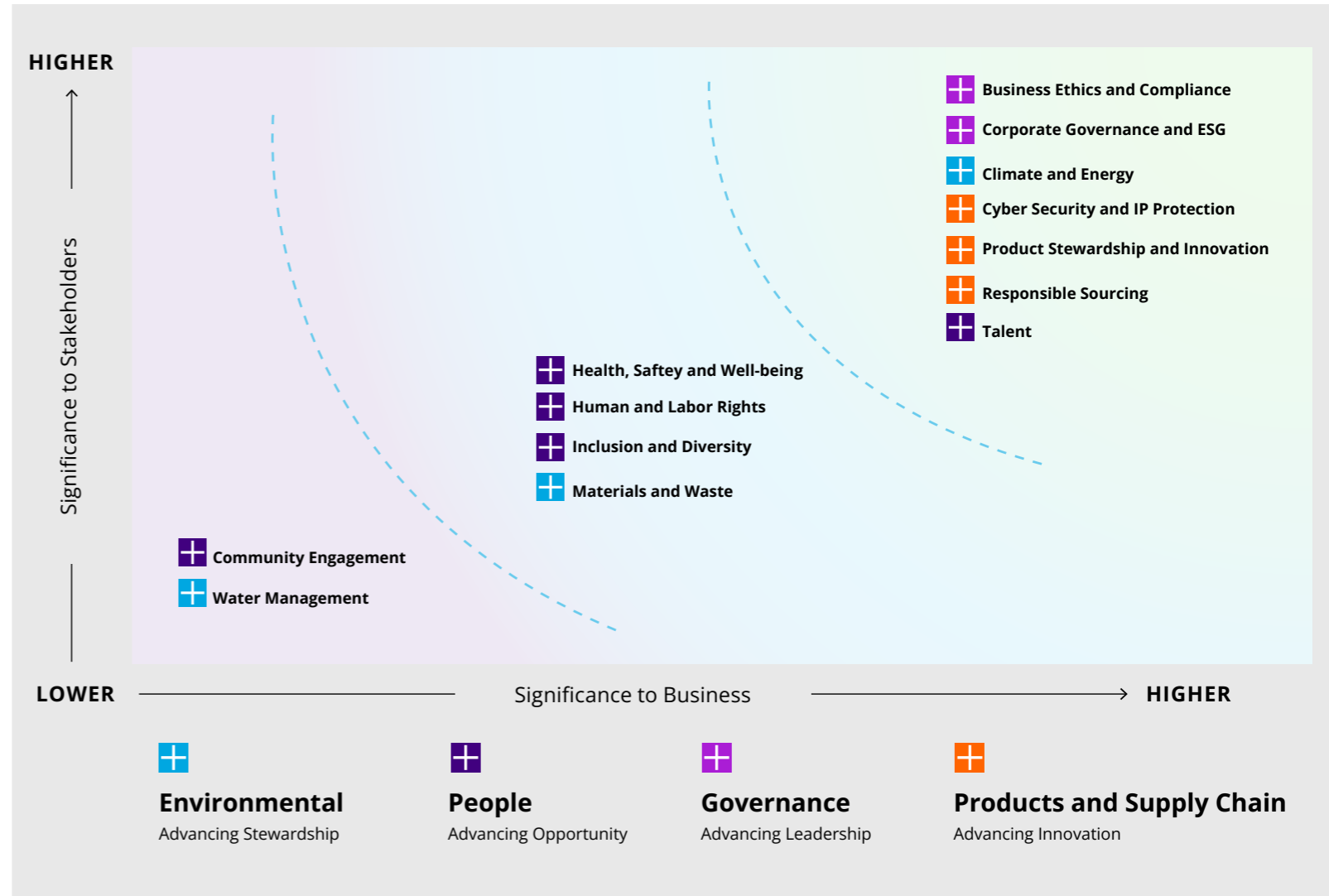These SDG's reflect the collective impact and alignment of KLA and the KLA Foundation.

ESG Materiality Assessment

KLA partners with a third-party consultant to regularly refresh our ESG materiality[1] assessment. The goal is to identify and evaluate ESG topics that are most significant to KLA's stakeholders, most relevant to our business and most closely aligned with the company's purpose to advance humanity through the power of technology. The assessment includes a review of industry trends, ESG best practices and standards, annual enterprise risk assessment results, and benchmarking of peers and industry leaders.

Our most recent materiality update was conducted in 2022 and identified 13 key topics. The results of the assessment were reviewed by our ESG Steering Committee and informed updates to KLA's ESG strategy. We are currently preparing for new disclosure requirements, which will inform future materiality assessments.

Going forward, KLA's ESG Steering Committee will continue to reassess and refresh our strategy to help guide us toward positive impact for our planet, communities and stakeholders.

HIGHER

Significance to Stakeholders

Business Ethics and Compliance
Corporate Governance and ESG
Climate and Energy
Cyber Security and IP Protection
Product Stewardship and Innovation
Responsible Sourcing
Talent

Health, Saftey and Well-being
Human and Labor Rights
Inclusion and Diversity
Materials and Waste

Community Engagement
Water Management

LOWER — Significance to Business — HIGHER

Environmental
Advancing Stewardship

People
Advancing Opportunity

Governance
Advancing Leadership

Products and Supply Chain
Advancing Innovation

[1] In KLA's ESG materiality assessment and throughout this report, use of the terms "material" and "materiality" is different than how these terms are used for the purpose of complying with the U.S. federal securities laws.

Stakeholder Engagement

KLA regularly engages with a diverse set of stakeholders to evaluate the relevance of ESG issues, identify areas for improvement and communicate our progress. We also collaborate with our customers, peers, partners and suppliers on standards and solutions for integrating ESG into business practices and policies. Our goal is to help elevate human rights, labor, environmental health and safety, ethics and compliance, and management system standards.

Industry Peers and Partners:
- Member, SEMI Sustainability Initiative
- Founding member, Semiconductor Climate Consortium
- Regular member, Responsible Business Alliance
- Signatory, CEO Action for Diversity and Inclusion
- Member, Alliance for Global Inclusion
- Bronze corporate member, Western Regional Minority Supplier Development Council

Customers:
- We collaborate with our customers to innovate next-generation solutions that help foster a sustainable industry.
- By improving yield in our customers' manufacturing, KLA products help reduce waste, water use and chemical use.

Suppliers:
- We engage key direct and indirect suppliers regarding their GHG emissions reductions efforts, and annually use the Responsible Business Alliance (RBA) Facility Supplier Assessment Questionnaire (SAQ) to gather information on their social, environmental and ethical practices.
- We utilize industry best practices to track supplier inclusion and diversity in our supply chain.

Communities:
- We engage with and support our local communities through the KLA Foundation, which partners strategically with organizations that support education, wellness and community enrichment efforts and promote a more equitable, inclusive and accessible world.

Employees:
- We offer training and development, employee wellness programs and Employee Resource Groups (ERGs) that build and foster inclusion across our diverse workforce.
- Our employee intranet site, KLA Connection, and our public facing company blog, KLA Advance, help keep our employees informed and engaged.
- Our annual Earth Day celebrations, Inclusion for All campaign and other awareness-building activities support and promote our employees' values and goals.

The KLA Operating Model

KLA's values inspire our employees to innovate solutions that drive progress and transform industries. We believe that by staying true to our values, we can also advance humanity and our ESG pillars of opportunity, innovation, stewardship and leadership.

FOCUSED ON DRIVING SUSTAINABLE PROFITABILITY AND GROWTH

Perseverance

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

Drive to Be Better

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

High-Performance Teams

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

Honest, Forthright and Consistent

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

Indispensable for Customers

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

2023 ESG Highlights

People

- Named a top company for women by Forbes magazine in 2023
- Awarded $5.2 million in grants through the KLA Foundation across 14 regions

Products and Supply Chain

- Invested $1.3 billion in research and development
- Collaborated to help manufacturers improve yield, thereby reducing waste and associated GHG emissions
- Engaged key suppliers to encourage energy-efficient measures and establish climate goals

Environment

- Received approval from the Science Based Targets initiative (SBTi) for KLA's near-term, science-based greenhouse gas emissions reduction targets in 2024
- On track toward meeting 2030 climate goals
- Named one of America's Greenest Companies by Newsweek

Governance and Ethics

- Named to the 2023 Dow Jones Sustainability North America Index
- Adopted a Clawback Policy aligned with new SEC/Nasdaq requirements

Awards and Recognition

Corporate and ESG
- Member of Fortune 500
- TIME magazine: World's Best Companies 2023
- Frost and Sullivan Institute: Enlightened Growth Leadership Award 2023
- Forbes: World's Top Companies for Women
- Forbes: World's Best Employers 2023
- Newsweek: Most Responsible Companies 2023
- Newsweek America's Greenest Companies List
- Fortune magazine: World's Most Admired Companies 2023
- The Straits Times: Singapore's Best Employers 2023
- Named to Dow Jones Sustainability North America Index 2023
- Responsible Business Alliance: KLA Singapore awarded Platinum status
- Training Magazine: Top 10 Hall of Fame member for 17 consecutive years
- Training Magazine: Emerging Training Leader Awards 2023

Customer
- TSMC: Excellent Performance Awards: Excellent Technology Collaboration 2023
- SSMC: Best Supplier Award 2023
- SUMCO: Supplier Award 2023 for KLA's contributions to SUMCO's business and new fab ramp-up
- UMC: Outstanding Collaboration and Productivity Support Award 2023
- Winbond: Outstanding Tech Collaboration Support Award 2023

Health and Safety
- Royal Society for the Prevention of Accidents (RoSPA): Our site in Newport, Wales, received a Gold Award for Occupational Health and Safety and a President's Award for achieving this honor for 11 consecutive years
- Samsung: Best Safety Partners Annual Award 2023, South Korea
- TSMC: Team EHS Award 2023
- Micron: Annual EHS Award 2023, Taiwan

"KLA is honored to be recognized by the Responsible Business Alliance with their Platinum Award, highlighting our continued commitment to the highest performance standards on labor relations, EHS, governance and ethics. Our teams are committed to being responsible partners across our customer base and supply chain, and this award reflects those efforts."

— Theo Kneepkens
Senior Vice President, Global Operations

PEOPLE

We say that KLA advances humanity, and we mean it. From the global impact of our business innovations to our respectful and inspiring workplace culture, we strive to help individuals advance their personal and professional lives and contribute to a more fair, equitable and sustainable future.

We are a multinational company with approximately 15,000 employees around the world. Our collaborative work environment thrives on effective communication, mutual understanding, a rich blend of global cultures and a wealth of skills and knowledge.

Talent

With a business that touches nanoelectronics, electron and photon optics, AI and machine learning, sensor networks and data analytics, we know that cultivating an expert workforce is essential to our success. We need to seek out top physicists, engineers, data scientists and problem-solvers, then set them to challenges that fully engage their hearts and minds.

Through our culture of continuous learning and development, KLA is committed to lifting all of our employees toward their full potential, with development programs that avoid a one-size-fits-all approach and instead recognize that different individuals have different learning styles, goals and aspirations. Through a range of comprehensive trainings and employee engagement programs, we challenge our people to take ownership of their future: collaborating across disciplines, setting goals, and finding purpose in creating the devices and ideas that transform our future.

"As the semiconductor business becomes more complex, partnerships with diverse internal and external stakeholders are key to everything we do. Teamwork across regions, backgrounds and experiences is critical to achieving success and driving growth."

— *Bobby Bell*
Executive Vice President and Chief Strategy Officer

TALENT PERFORMANCE

	2022	2023
Total new employee hires	>3,700	>800
Response rate in annual Employee Engagement Survey	83%	88%
Average training hours per FTE	44.3	37.8
Total voluntary employee turnover rate	6.7%	3.6%

Employee Learning and Development

Our people are empowered to pursue learning to further their growth.

Through our Corporate Learning Center (CLC), we offer extensive training programs that are available to all our employees globally, from engineers and scientists to manufacturing and business staff. Our CLC communicates monthly with employees to relay available in-person, virtual and on-demand courses, categorized by development area. Managers and their direct reports work together to identify flex scheduling and other approaches to support enrollment/participation in CLC programming. Professional skills and compliance courses are available via a new learning management system (LMS) launched in 2023, with features including self-managed learning paths, personal recommendations based on user preferences, automatic calendar invitations, employee career profile integration, and the ability to search, view and receive credit for video-based content. The LMS is enabled for mobile devices and has automated closed captioning, increasing its reach to our global workforce.

Across our global operations, our full-time-equivalent employees completed an average of 37.8 hours of training in 2023, including approximately 450 unique CLC learning courses.

In 2023, more than 99% of our employees received performance reviews through our comprehensive Performance Management Program, which incorporates self-assessments, management and skip-level reviews, and open conversations about career development. Individuals participate at least once per year, receiving feedback from managers, peers and other stakeholders.

To support employees in advancing their career skills via external learning, we offer tuition reimbursement and partnerships with Stanford University and the University of Michigan, where our people can pursue advanced degrees and graduate certificates in systems engineering and design, and other skills and competencies required to support KLA customers.

In 2023, two KLA learning and development professionals were among Training Magazine's Emerging Training Leader Award recipients, in recognition of their efforts to empower and engage the organization with exceptional leadership, business acumen and game-changing training.

"I work in an advanced development team, and found that my coursework in the KLA/Stanford Systems Engineering Graduate Certificate program helped to refamiliarize me with current state-of-the-art papers in my field. Qualitatively, I feel more confident and systematic when approaching open-ended technical problems."

— *Peter Paquet*
Machine Learning Engineer

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Investing in Our Future Leaders

Our CEO started as a KLA engineer. That's pretty good proof that we're a company of opportunity.

We believe in our people and make it our goal to promote from within, boasting a 78% internal promotion rate at the vice president level. Our KLA Connection intranet links employees to resources where they can learn about opportunities for career growth, and we generate matrices that outline all certifications required to advance in various engineering career tracks such as software, AI, algorithms and applications. By laying out clear paths for advancement, we encourage our employees to stay with KLA for the long term, while also advancing a culture of continuous learning and innovation.

In 2023, we launched a new training for managers in broadband plasma (BBP). Held over a 10-month period, the training accelerates new managers' growth and effectiveness through sessions that include fundamentals of management, advanced skills and in-the-moment topics. In its inaugural year, the program graduated 15 managers.
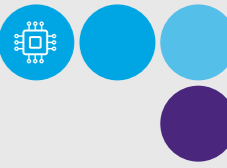
KLA ✛ Insights

The KLA Insights program provides new hires with a comprehensive understanding of our organization, including our core values, operational principles, the significance of our technology and how each employee contributes to KLA's overall success.

Based on employee feedback, we increased Insights' accessibility in 2023 by transforming it from a virtual two-day event to a more flexible two-part training. Part one is now an on-demand web-based training that includes executive presentations and other video content. This allows employees to engage with the learning material at a time that is convenient for them. Part two of the training is a virtual live Q&A session with KLA's executive staff, where employees have the opportunity to ask questions.

Owing to its greater accessibility, around 3,000 new and recently hired employees from across our global network successfully completed the web-based training in 2023.

All employees can access the KLA Insights page on our intranet to revisit executive videos and explore additional resources beneficial to newer team members, including a corporate overview, KLA values presentation, language glossary, acronym guide, Zoom backgrounds and presentation templates.

KLA welcomed more than 800 new employees in 2023 — approximately 44% hired in the Asia Pacific (APAC) region, 35% in the U.S. and 21% in the Europe, Middle East and Africa (EMEA) region.

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Employee Engagement

It's easy for KLA's employees to see the real-world results of their work. After all, virtually no laptop, smartphone, wearable device, voice-controlled gadget, flexible screen, VR device or smart car would have made it to market without the products and services KLA produces. We believe in the power of technology to make this world a brighter place for the benefit of humanity, and we also believe in working hard to engage our employees tightly with their work, their teams and KLA's overall mission and culture.

KLA employees experience a stimulating multidisciplinary environment that encourages them to share their ideas, and where teams collaborate across regions and technology disciplines to bring those ideas to life. Our managers interact with their team members via formal and informal mechanisms, encouraging open communication and feedback to drive performance, satisfaction and recognition. We offer a range of leadership development programs, training programs and career development initiatives to provide our people with avenues for professional and personal growth. We also create opportunities through the KLA Foundation for them to give back to their communities through volunteering and charitable giving.

KLA gathers information on our people's experiences, opinions and needs through our annual Employee Engagement Survey, which includes questions related to job satisfaction, purpose and professional growth. We use the results of our Engagement Survey and additional surveys to derive our employee Net Promoter Score (eNPS), which measures overall employee satisfaction. In 2023, our eNPS rose 6 points over 2022.

To reinforce best practices for managers around employee engagement, we offer a training program called Engaging with Engagement. In 2023, we created a manager guide that offers examples of good engagement practices and outcomes in areas including leadership, communication and incorporating employee feedback. The guide will be available to our managers in 2024.

ANNUAL EMPLOYEE ENGAGEMENT SURVEY RESULTS

8.1/10
overall engagement score, classified as "Good"

88%
response rate

17

Talent Acquisition

We believe innovators are true optimists, helping create ideas and devices that can transform the future. That's why we strive to attract and retain talented innovators who identify with what we value as a company: perseverance, the drive to be better, high-performing teams, a desire to make KLA indispensable to our customers' success, and a commitment to honesty, forthrightness and consistency. We celebrate the diverse perspectives of our workforce and encourage a work environment built on inclusion, trust, communication, understanding and respect. Along the way, we aim to have fun and give back to our communities.

University Recruiting

To grow our talent pipeline, KLA partners with colleges and universities to offer internships and graduate recruitment.

Our summer internship program gives undergraduates a jump-start to a career at KLA, doing real-world work and making real-world impact. Interns participate in meaningful team projects, enjoy learning opportunities provided by our Corporate Learning Center experts and technologists, and hear from senior leaders about KLA's mission and career paths.

Succession Planning

We work to foster a robust pipeline of future leaders and add resilience to our leadership structure. As part of KLA's performance management process, we conduct annual talent forums in which company leaders at multiple levels discuss their talent benches and their own succession plans. These events also explore opportunities to elevate candidates' skills in preparation for leadership positions.

Employee Referral Program

KLA's referral program offers bonuses to employees who recommend outstanding candidates who are offered positions at KLA. In 2023, we introduced our Greater Together campaign, which spotlights the stories behind these referrals.

Greater Together: Friends Becoming Colleagues

Krishna Karki met Ozarfar Gafarov at a research lab while they were both completing their Ph.Ds.

Their friendship continued after grad school, and in 2021 Krishna accepted a position with KLA as a product development engineer, responsible for working on the next generation of Surfscan inspection tools. When a position came open on his team in Milpitas, California, he enthusiastically referred his friend.

"Ozarfar is hardworking, intelligent and friendly," Krishna says. "I knew his background in lasers and optics would be an asset to KLA."

Ozarfar accepted the product development engineer position in 2022, and today his work includes design and development of deep ultraviolet lasers, laser alignment procedures and delivery of the beam onto wafers. Recently, he was able to recommend another grad-school friend, Taiki Kawamori, when a position that fit his skills became available. Taiki was thrilled when Ozarfar reached out.

Talent recognizes talent and brings it together. "I'm happy we are working together, thanks to KLA," says Krishna.

Inclusion

Inclusion is foundational to KLA, both as a strategic imperative to advance our business and as an expression of our core values. An inclusive workplace culture leads to more open ideating and better collaboration, generating innovation and supporting business success.

We believe inclusion is everybody's job, and that making it a reality requires not just policies but also conscious, considerate individual actions, multiplied daily across the organization. Through our ongoing Inclusion for All initiative, we aim to create a sense of belonging that weaves throughout KLA, embracing each individual's backgrounds and experiences, celebrating everyone's diverse perspectives and knitting together teams that drive personal and corporate success.

We believe inclusion happens through collaboration. That's why KLA is a signatory to the CEO Action for Diversity and Inclusion™ pledge and a member of the Alliance for Global Inclusion, two business-led coalitions committed to elevating inclusion in workplace cultures.

Our Inclusion Strategy

KLA doesn't view inclusion as a problem that needs to be solved, but as an opportunity to embrace. Beyond aligning with our core values and commitment to fair and ethical business practices, KLA's focus on inclusion has three primary drivers:

Representation: By expanding our recruitment strategies and creating a welcoming culture, we strive to hire the best, most qualified talent around the globe.

Inclusive environment: By creating a culture where everyone belongs and is able to bring their unique worldview, we achieve a more collaborative and engaging work environment that enhances personal and professional growth.

Employee engagement: By inviting all our employees to help achieve KLA's goal of an inclusive workforce, we open our culture to a more diverse range of viewpoints on every challenge, expanding our spectrum of problem-solving potential and driving innovation.

Every year, we work to expand our inclusive hiring processes and build out tools and resources to help managers and employees model inclusive practices.

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2023 Global Employee Diversity

Global Gender Diversity[1] | 30% of the directors on KLA's Board are women

Overall
19% Women
81% Men

Tech
16% Women
83% Men

Nontech
21% Women
79% Men

Leadership
19% Women
81% Men

■ Men ■ Women

U.S. Gender Diversity[1]

Overall
21% Women
79% Men

Tech
16% Women
84% Men

Nontech
27% Women
73% Men

Leadership
21% Women
79% Men

■ Men ■ Women
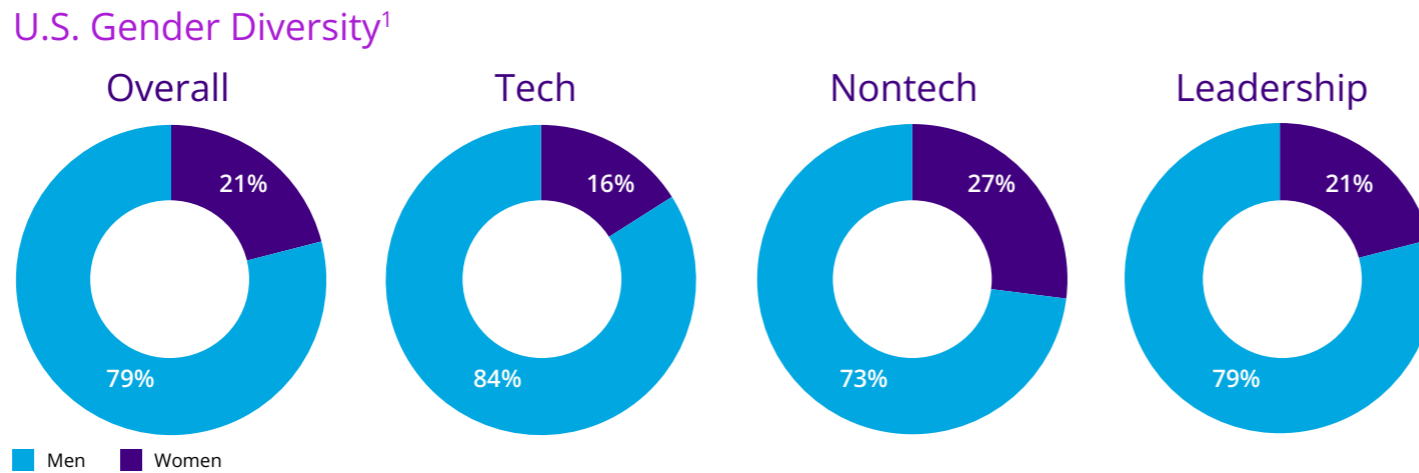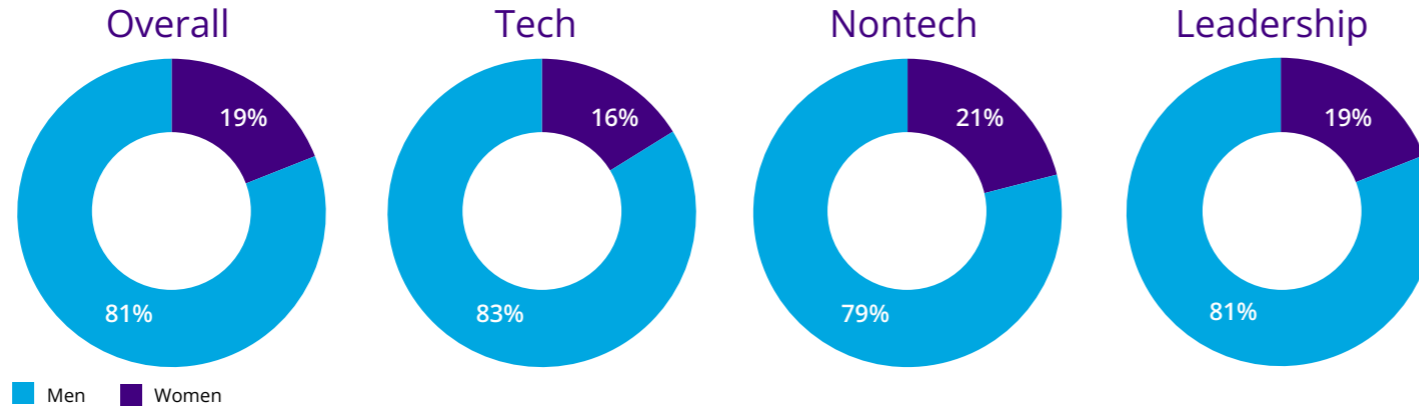
U.S Race and Ethnicity Diversity[1]

Overall
Asian 48%
White 41%
Hispanic or Latinx 6%
Black or African American 2%
Native American, Native Hawaiian, Pacific Islander 1%
Multiracial 2%

Tech
Asian 58%
White 35%
Hispanic or Latinx 4%
Black or African American 1%
Native American, Native Hawaiian, Pacific Islander 0%
Multiracial 2%

Nontech
Asian 37%
White 48%
Hispanic or Latinx 9%
Black or African American 3%
Native American, Native Hawaiian, Pacific Islander 1%
Multiracial 2%

Leadership
Asian 39%
White 55%
Hispanic or Latinx 4%
Black or African American 1%
Native American, Native Hawaiian, Pacific Islander 0%
Multiracial 1%

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

[1]Data as of December 31, 2023. Data supplied by KLA Human Resources, as self-reported by employees. Leadership comprises director-level and above. Technology roles include Engineering and R&D. Totals may not sum to 100% due to rounding. Racial and ethnic demographics shown are based on government categories.

Inclusive Leadership

During the annual performance review process, KLA encourages discussion of individual efforts to support inclusion. Managers can share examples of ways they are promoting inclusion at KLA in their annual self-evaluations.

"When working with customers, it's important that we capture their diverse thoughts and perspectives to completely understand their challenges. This approach is just as important internally for how we run our businesses within KLA."

— *Ahmad Khan*

President, Semiconductor Process Control

"KLA's focus on inclusion helps us draw upon the natural excitement and curiosity of a cross section of people. This is fundamental to maintaining KLA's technology leadership and moving the business forward. Collaboration among those with vastly different journeys leads us to the kind of innovation that advances humanity."

— *Ben Tsai*

Chief Technical Officer and Executive Vice President, Corporate Alliances

Inclusion for All

Inclusion is a practice in which every employee can and must be engaged. That's the message of our Inclusion for All campaign, which offers practical ideas, examples, tools and trainings to help KLA's leaders and employees drive an inclusive culture proactively, every day. Newsletters available to all KLA employees on a quarterly basis link to tools and resources on our internal Inclusion for All SharePoint page. We also emphasize Inclusion for All in our core trainings offered to employees:

Introduction to inclusion and diversity: Discusses essential concepts of identity, belonging and inclusive leadership

Inclusive hiring practices: Offers tools to promote inclusion at every stage of the hiring process, from job description to application, interview, selection and offer

Demonstrating inclusive leadership: Reframes typical thinking around good management practices and explores skills, practices and behaviors that foster an inclusive and supportive work environment

Mitigating bias: Offers tools to recognize barriers to inclusive leadership to make the best talent-related business decisions

KLA conducted more than 20 trainings focused on inclusion in 2023. These workshops were often customized to blend core concepts with practical tools and examples for specific business units across our global operations.

Driving Inclusive Hiring

To strengthen our sourcing strategies from all backgrounds, KLA conducts outreach to community colleges and partners with organizations that support early career candidates through internships. In 2023, KLA representatives served with other members of the Alliance for Global Inclusion to develop the scope of a project aimed at finding great talent across the globe. KLA representatives also participated in conferences, job fairs and other events throughout the year, hosted by organizations including the National Society of Black Engineers, the Society of Women Engineers, AnitaB.org (Grace Hopper Celebration), the Society of Hispanic Professional Engineers, Lesbians Who Tech and multiple university partners.

To improve the use of inclusive language in job posts and other communications, and in turn encourage engagement from a broad range of candidates, KLA managers employ an augmented writing software tool.

Innovating Inclusive Hiring

To fill our hiring needs and bring new perspectives to our teams, KLA's hiring managers are partnering with organizations that provide training and help job-seekers gain hands-on technical and corporate experience.

Ramon Olavarria, senior director, IT Global Engineering and Analytics, says employees who have joined through these programs arrive eager to learn and grow. "They really have become a tremendous asset for KLA. By asking questions, they gently challenge the status quo, and that's a good thing. It helps us make sure we have the right processes and do our best work."

Ross Battaglia, senior director, Field Operations, has simultaneously created opportunities for entry-level employees and addressed the workload of in-demand customer service engineers (CSEs). "Our CSEs need a very specific skill set," he says. "Historically, it has been hard to find enough talent to meet those requirements." His approach shifts lower-level technical duties away from the CSEs, freeing them to focus on high-level tasks while also providing new employees with a strong path for learning and development.

In the past, these roles may have required a bachelor's degree at minimum, but looking outside the box has allowed leaders to consider a wider range of candidates. "Now you've got technical people, plus communicators, artists and a whole range of viewpoints that we would've never had because we weren't tapping this pipeline," Ross explained. "It's made the team better."

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Our Employee Resource Groups

Within KLA, volunteer Employee Resource Groups (ERGs) help advance a more inclusive and diverse future by collaborating, sharing ideas and raising awareness of important issues affecting their communities.

By year-end 2023, we had four established ERGs and two more in development: one supporting KLA employees who are U.S. military veterans and the other providing a bridge between different generations of KLA employees. Steering committees and executive sponsors are in place for both new ERGs and kickoff events are scheduled for 2024.

WISE

Women In STEM Empowered (WISE) promotes inclusivity in leadership and STEM (science, technology, engineering and math) roles. WISE also organizes mentor programs globally and hosts guest speakers and a discussion series supporting career growth and development.

Konexión

Konexión celebrates Latinx culture, community and historical contributions, and supports STEM education programs for students.

BELIEVE

Black Employees Leading Inclusion, Excellence, Values and Education (BELIEVE) supports inclusive recruitment and advancement opportunities and promotes cultural awareness, understanding and allyship.

PRISM

PRISM (where Pride, Respect, Inclusion and Solidarity Meet) helps foster a safe and supportive working environment for the LGBTQ+ community and its allies, conducts outreach in the talent pipeline, and offers workshops to develop greater awareness and understanding of the LGBTQ+ community.

KLA Named as a Top Company for Women

We are proud to have been named again to the Forbes World's Top Companies for Women list in 2023, which drew from a survey of some 70,000 women working in multinational corporations across 37 countries. Respondents rated their companies on both general workplace practices and gender-specific issues including gender pay equity, the management of employee discrimination cases and equal opportunity for advancement. Women were also asked to evaluate other companies in their industries based on perceived support for gender equity and combating gender stereotypes. Final rankings derived from a combination of these data points with measures such as percentage of women in leadership positions.

Health, Safety and Well-being

KLA's outstanding performance in environmental and occupational health and safety is rooted in our values, with high-performing teams working together to solve challenges and drive ongoing improvement. Our priority is the safety and well-being of our employees, whether in our business offices and manufacturing facilities or at customer sites where our field services teams install, maintain and update KLA products. We deliver specialized training based on each employee's job-specific risks and adhere to global health and safety best practices. This proactive, risk-based approach allows us to maintain high safety and health standards, stay ahead of regulatory changes, and enhance coordination and consistency across our operations.

Our environmental, health and safety team (EHS) is led by a dedicated global EHS director, who reports to our vice president for Global Workplace Services and Operations, Real Estate, EHS and Security. In 2023, we updated and made public our Environmental, Health & Safety Commitment Policy.
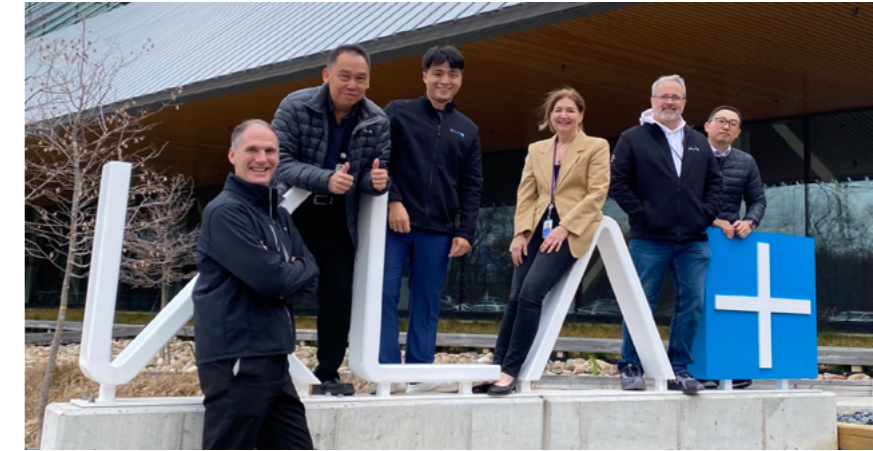
A Global Approach to Safety Management

In 2023, we continued to make progress expanding our ISO 14001 and ISO 45001 programs across our main production and R&D facilities. As of year-end 2023, our sites in Singapore; Newport, Wales; Milpitas, California; and Migdal Ha'emek, Israel, are certified to ISO 14001, the internationally recognized standard for environmental management systems (EMS). Our Wales site is also certified to ISO 45001, which specifies requirements for occupational health and safety (OH&S) management systems.

Throughout the year, we continued to enhance our health and safety policies and practices globally, implementing multiple new systems to standardize best practices and establish a single source of truth in areas such as environmental data collection, operational controls, audit tracking, incident management, compliance monitoring and corrective actions. To better and more efficiently manage our chemical products, we're expanding the use of software to create safety data sheets, which define the properties, hazards and required safety procedures for chemical products that are formulated and used with our tools. Our compliance software also monitors regulations and alerts us to changes, allowing us to update our compliance posture as necessary, and on a timely basis.

Industry-Leading Training

KLA conducts comprehensive training to promote a consistent approach to employee health and safety across our global locations. In 2023, we continued a major expansion of our Corporate Learning Center's library of on-demand, web-based trainings that are assigned to employees based on their specific job classifications. In all, our training library expanded to more than 60 courses that will launch in 2024. As a sign of the support our training program enjoys from leadership, some of these new courses are narrated by a member of the KLA executive team.

New employees are required to complete a health and safety orientation within their first week on the job, and service technicians receive training to achieve and maintain mandatory role-specific safety certifications. Other trainings available through our Corporate Learning Center (CLC) address specific hazards and global processes. These include:

Hazardous materials: Employees are required to receive hazard communication training and those who work with hazardous materials are required to receive more extensive training on hazardous materials handling and waste management. As part of our ISO 14001 Environmental Management System compliance, we also require employees who handle hazardous materials to complete EMS-05 Hazardous Materials and EMS-08 Universal and Hazardous Waste procedures training.

Laser and radiation safety: Relevant employees must attend critical safety trainings on laser and radiation safety. These trainings were updated in 2023 to include new technologies and best practices, and to meet new regulatory requirements.

Health and safety management systems: In 2023, we expanded our contractor safety program in the U.S. by adopting work standards that aim to minimize potential for injury, property damage or adverse environmental impact during contractors' on-site activities. We ensure that these requirements are understood and agreed upon prior to commencement of work. Our APAC and EMEA regions have similar contractor safety programs in place. In 2024, we will launch a new training as part of our ongoing expansion of ISO 14001/45001 certifications, explaining the benefits of these systems and promoting compliance and accountability. This training is intended for all KLA employees and contractors working on-site.

Document management: A new training for 2023 explains health and safety documentation, labeling and storage standards as part of our new, global document management system.

Ergonomics: Relevant employees are encouraged to attend training sessions that provide the tools to conduct regular ergonomic self-assessments.

Operation Clean Space

During COVID-19, KLA's headquarters facility in Milpitas, California instituted measures to avoid clustering employees in small spaces, leading to improvised solutions such as converting conference rooms into labs and storing tools and equipment in employee work spaces. As COVID-19 restrictions abated, the clutter remained.

In 2023, we launched a campaign to reduce clutter and obsolete technology, make our work areas safer and more efficient, and improve our space utilization, resulting in reduced cost and environmental impact. Beginning in August, "Operation Clean Space" focused on cubicles, aisles and labs. By year-end, the initiative had removed 24,189 pounds (11 tons) of unneeded materials from our four Milpitas buildings, including 7,160 pounds (3.2 tons) of electronic waste that was sent to a waste solutions provider for recycling.

In a related effort, we introduced a check-in, check-out management tool (CCM) to improve procedures for storing equipment, parts and tools.

Decluttering events will be repeated in spring and fall 2024 and include off-site warehouses. We are also working to roll out events at KLA field offices, establish standards for maintaining clutter-free workspaces and implement ongoing decluttering programs for cleanrooms.

Safety and Compliance

KLA's approach to safety and compliance is holistic, sustained and proactive, embedding a focus on workplace risks into policies, practices and behaviors at every level of the organization. As part of our integrated ISO certifications initiative, we utilize the ISO's Plan-Do-Check-Act (PDCA) model, a framework that promotes risk-based thinking and continuous improvement of workplace health and safety management systems.

At our ISO certified manufacturing facilities, a Health and Safety Committee conducts regular inspections to proactively identify facility-specific hazards and reduce risks to KLA employees. Gemba-style management walk-throughs, S3 (Space, Safety, Security) audits and others also generate facility-specific reports identifying good practices as well as potential risks and areas for improvement. If a hazard is identified, the facility manager and EHS team members conduct an investigation to determine root cause and corrective measures. Facilities also participate in routine external audits led by certification bodies, local government bodies or others, based on the facility's location or customer request.

KLA's goal is always zero safety incidents across our facilities. To report and track incidents globally, we maintain an online Safety Incident Reporting System (SIRS). In 2023, our U.S. Total Recordable Incident Rate (TRIR) was 0.25, which is below our industry average of 1.20 based on 2022 injury and illness rates published by the U.S. Department of Labor's Bureau of Labor Statistics. In addition, KLA's continued low-risk score from the Responsible Business Alliance (93.8/100) demonstrates a commitment to safety in our supply chain and with customers.

In 2023, our Business Resiliency Program upgraded its global communication/notification system and significantly enhanced planning and procedures around emergency response and crisis management:

Emergency response (ER): We created an overall framework and built out standard response plans for 10 of our largest locations. Throughout the year, we conducted training, drills and exercises to test the adequacy of ER planning, processes and response, as well as the readiness of our site-level emergency response teams.

Crisis management (CM): We created a corporate framework and established levels of responsibility within critical functions. Our Core Crisis Management Team, consisting of executives and other key leaders, is responsible for driving adoption of the CM model throughout KLA.

In 2023, KLA's facility in Newport, Wales, received its second President's Award from the Royal Society for the Prevention of Accidents (RoSPA), recognizing 11 consecutive years of RoSPA Gold Awards for our ongoing commitment to maintaining high safety standards and protecting the well-being of our employees.

Employee Well-being

Supporting our employees' well-being is baked into how KLA does business. Using a combination of strategic planning, market analysis and employee feedback, we design programs and benefits that support the needs of our employees and their families holistically across locations and generations while also recognizing business needs.

Our Total Rewards program offers a robust suite of wellness benefits. In 2023, we launched a new portal called My Connected to link employees more easily with KLA total rewards offerings such as pay, incentives, global and local benefits for select countries as well as career learning and development programs. The portal is organized into five pillars of well-being.

Physical: health, exercise and nutrition	**Social:** giving back to the community	**Emotional:** building resilience and supporting emotional wellness	**Financial:** pay and rewards, financial programs, financial assistance and planning	**Workplace:** learning, development, growth and recognition, and inclusion and diversity

In the U.S., our newest benefit addition is a well-being flexible spending account, which offers an annual monetary amount that can be spent on a wide menu of wellness options, including fitness and nutrition.

Supporting Physical and Emotional Well-being

Beyond core physical and mental health benefits, KLA offers engaging virtual and in-person classes, courses and seminars in various areas of physical and emotional wellness. Programs are focused on fitness, strength, nutrition, mindfulness, meditation, and the importance of sleep, hydration and relaxation. Individual KLA locations also stage in-person and virtual challenges and events to encourage our people to stay active.

In 2023, our U.S. operations enhanced our well-being plans to include a long-term care offering, debuted a new digital platform for our Employee Assistance Program, and doubled the amount of therapy and coaching sessions available to employees and their dependents.

Sustaining Financial Health

In addition to direct compensation, KLA offers various Total Rewards financial benefits as necessary or appropriate in our different operating regions. These benefits may include retirement plans, an employee stock purchase plan and short-term incentive plan, health savings accounts, flexible spending accounts for health care and day care, a range of insurance benefits, commuter benefits, retirement coaching, and courses on financial literacy and planning.

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Employee Well-being

Inspiring Work-Life Balance

We understand that modern life can be stressful, with the demands of work and family often fraying our social connections and robbing us of decompression time. We want our diverse, multi-generational workforce to know that we have their backs, and offer support that includes paid leave to handle eldercare, tend to the needs of a family member with a serious health condition, or bond with a child following birth, adoption or foster placement. All U.S. employees are eligible for 12 weeks of paid family care leave in a 12-month period.

We understand the additional responsibilities faced by working parents at KLA. In many of our global locations, we support new mothers with postpartum care and lactation rooms. Parents can also receive paid leave to manage childcare, on-demand webinars covering challenges in the parenting journey and support while they navigate a return to the workforce.

Flexible Work to Meet Employee Needs

KLA believes in the importance of a harmonious life that balances work and personal time, and we support our employees through flexible work models that meet both their needs and the company's business goals and objectives. Employees in roles deemed flexible work in a hybrid model, and employees in certain positions may request part-time schedules. We consciously raise awareness around scheduling challenges that sometimes affect our global teams, so that employees in certain time zones don't face unrealistic expectations and negative impacts. Employees who are required to work on-site daily have opportunities to take time off and the flexibility to work off-site when circumstances permit.

Despite our commitment to flexible work models, KLA continues to believe in the importance of welcoming facilities where our people can come together to collaborate, push toward goals and build community. Since 2019, we've invested significantly in our worldwide facilities. Our new second North American headquarters facility in Ann Arbor, Artificial Intelligence–Advanced Computing Lab in Chennai and new Chennai offices all feature welcoming modern workspaces designed to foster inspiration, collaboration and innovation.

Community Engagement

With a workforce of about 15,000 employees across 18 regions and a business that spans the globe, KLA recognizes our opportunity to help an ever-widening circle of communities through financial support, volunteerism and program management.

KLA's community engagement efforts are directed principally by the KLA Foundation. Aligning with our business's commitment to advancing humanity through technology, the Foundation is committed to advancing humanity through investments in our communities, helping to create a more equitable, inclusive and accessible world. The KLA Foundation partners strategically with organizations that know their communities best to create sustainable upstream solutions, while simultaneously empowering our employees to get involved in causes that are close to their hearts.

Foundation efforts are focused under three pillars:

Education: Creates opportunities and increases long-term access to educational resources. Supports underrepresented communities throughout their unique educational journeys, especially in STEM fields.

Community enrichment: Nurtures strategic partnerships with grassroots organizations that deeply understand their communities' needs, encouraging positive long-term impact.

Wellness: Promotes community health and wellness programs and partners with grassroots organizations dedicated to achieving health equity.

Over the years, our community efforts have expanded from our U.S. operations to encompass KLA's global footprint. To gain local input on our community efforts, a network of KLA Foundation ambassadors from a variety of corporate functions globally serve as adjuncts to the Foundation team. These ambassadors champion KLA Foundation efforts, engage with local community stakeholders to better understand their needs, participate in KLA's locally targeted grantmaking and lead volunteer efforts on behalf of their site or region.

2023 Impact

In 2023, the KLA Foundation focused on our education pillar while increasing corporate matching of employee donations and further globalizing our impact.

GRANTS BY THE NUMBERS

Awarded
264
grants
(up from 209 in 2022)

Distributed through
14
Regions
(up from 13 in 2022)

Totaling approximately
$5.2M
(up from approximately $4.9 million in 2022)

EMPLOYEE GIVING

$2.2M
in matching gifts
(up from approximately $1.9 million in 2022)

12,220
Employee volunteer hours served
(up from approximately 6,629 in 2022)

$70,000
in donations to nonprofits through KLA Foundation's Donations for Doers program
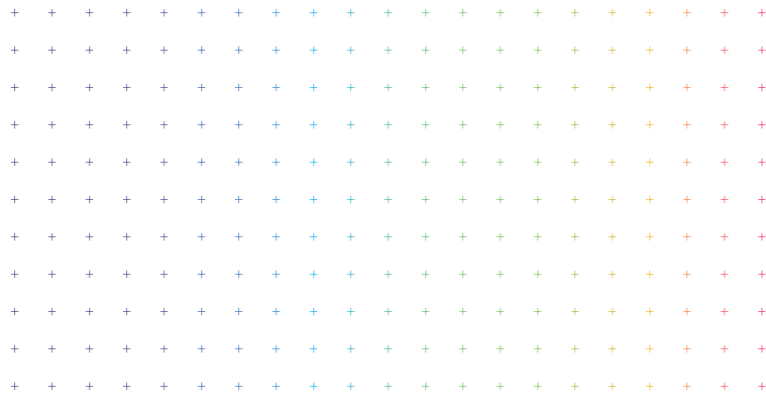
"By partnering strategically with organizations that know their communities best, we are investing in a more inclusive world and helping to fulfill the core mission of the KLA Foundation: advancing humanity around the world."

— Jen Shea
Executive Director, KLA Foundation

Education

In 2023, the KLA Foundation extended our support for first-generation, limited-income and underrepresented students. The year's major initiative was launching the KLA Foundation Education Equity Fund, a multiyear commitment designed to accelerate community efforts that expand access to quality education by delivering academic, social and cultural resources essential to student success. The fund aims to drive progress in three core areas: expanding access to STEM and other academic, social and cultural resources essential to student success; advancing students' emotional well-being by supporting development of sustained social-emotional and mental health initiatives; and improving educational systems by influencing change in policies and curricula.

After considering 28 possible grantees, the fund awarded more than $1 million to four nonprofits working to expand access to quality education among traditionally underrepresented K–12 students in U.S. communities where KLA has operations:

Project Invent (San Diego, California): Funds a pilot, whole-school program that will feature holistic support for teachers in leading transformative STEM educational experiences, empowering every student as a fearless problem solver through a focus on the invention process.

Pivotal (San Jose, California): Funds support a coaching program that helps young people impacted by foster care through their critical high school years, positioning them for future success in school, employment and life.

Urban Ed Academy (San Francisco, California): Funds support the "Man the Bay" initiative, which aims to increase teacher diversity and improve educational outcomes for students of color in San Francisco and Oakland, with a focus on STEM education.

ELSO (Portland, Oregon): Funds help build culturally responsive educational solutions that promote climate justice education, STEM literacy and community resilience.

In 2024, our goal is to expand the KLA Foundation Education Equity Fund globally, providing underserved students with opportunity and access to resources.

Separately from the Education Equity Fund, the KLA Foundation supported STEM education and equitable access to science and tech-based museums around the world in 2023. Recipients of this Foundation funding included:

Techniquest Museum (Cardiff, Wales): Sponsorship for the second consecutive year of a KLA Foundation STEM Lab, where kids can participate in wizard-themed "magic or science?" experiments.

Singapore Science Center: Funding for home science kits and support for a variety of free educational workshops, including "The Science of Chocolate" and "The Science of Magic."

Madatech (Haifa, Israel): At Israel's National Museum of Science, Technology and Space, funding supports STEM education programs for displaced children.

FEST Robotics Program (South Korea): KLA Foundation and KLA Korea sponsorship for 15 student scholarship teams in Dongtan, Suwon, Hwaseong and Pyeongtaek in Gyeonggi province, and hosting of a summer workshop that introduces Dongtan participants to real-world professional roles in technology.

The Tech Interactive (San Jose, California): Funding for Title I school field trips.

Arizona Science Center (Phoenix): Funding supports a program aimed at inspiring, empowering and encouraging girls' interest in STEM fields.

Community Enrichment

The KLA Foundation is committed to supporting the communities where our employees live and work. At our larger operations around the world, KLA Foundation ambassadors regularly propose funding for nonprofits that have an outsize impact on populations or issues important to their local communities, with ultimate funding decisions and oversight residing with the KLA Foundation. In 2023, the Foundation directed $2,067,000 to 140 of these locally identified nonprofits.

Near our Milpitas, California headquarters, KLA Foundation helped HomeFirst Services of Santa Clara County serve more than 5,000 housing-insecure or unhoused adults, veterans, families and youth through a continuum of care — meeting people where they are and working to support a housing plan specific to each individual.

The Foundation also supported unhoused people through grants to Project Homeless Connect (Washington County, Oregon), SOS Community Services (Ypsilanti, Michigan) and Urban Renewal Corp. (Newark, New Jersey). We also worked with KLA offices in Arizona, California, Idaho, Michigan, Oregon and Texas to provide $130,500 in grants to local foodbanks, helping people experiencing food insecurity.

Aligning with KLA's dedication to inclusion for the LGBTQ+ community and its allies, the KLA Foundation awarded $102,500 in 2023 funding to a range of organizations supporting LGBTQ+ initiatives, including:

- U.S. mentorship programs from Out in Tech Inc.
- New Israel Fund's advocacy work and support for families and parents of LGBTQ+ people in Israel
- Stand with Trans' work to reduce mental and physical health disparities impacting trans youth in Southeast Michigan
- The "Get Out, Get Active" LBGTQ+ health and wellness program in Cardiff, Wales

In Taiwan, the KLA Foundation supported the Taiwan Cultural and Creativity Development Foundation's efforts to promote local environment conservation through adopting farmland.

Wellness

KLA Foundation has a longstanding commitment to promoting community wellness programs and partnering with grassroots organizations dedicated to achieving health equity. In 2023, KLA employees and the KLA Foundation contributed more than $70,000 to the American Diabetes Association's Tour de Cure in California. In addition, the Foundation funded the American Heart Association's "CPR in Schools" program, which trains students to respond to out-of-hospital cardiac arrest events. In 2023, this support funded CPR programs at 20 schools, half in the Santa Clara Unified School District and half in the Detroit Public Schools Community District, reaching thousands of children. The KLA Foundation also provided both general support to the American Cancer Society and additional funding for cancer patients in Ann Arbor, Michigan requiring quality care, transportation and lodging during treatment. In Portland, Oregon, the Foundation supported Camp UKANDU, helping families find respite while helping their children with cancer reclaim classic childhood experiences, free of charge. In Dresden, Germany, our support of Stiftung zur Forderung der Hochschulmedizin helped to provide critical services to young cancer patients.

Employee Engagement and Volunteering

The KLA Foundation encourages employees to participate in volunteer activities that make a positive impact in their local communities. Through our Donations for Doers program, employees may submit their volunteer hours and earn $10 per hour in volunteer rewards (up to $500 per employee annually), which may be donated to the nonprofit or school of their choice. Through our separate Matching Gifts program, the KLA Foundation matches each employee's charitable contributions up to $10,000 annually. Organizations receiving donations must be 501(c)(3) tax-exempt (or international equivalent) and approved by the KLA Foundation. In 2023, KLA employees volunteered 12,220 hours and donated $2.2 million in matching gifts.

In 2023, the KLA Foundation's keystone volunteering effort was our inaugural Global Volunteer Week in October, during which nearly 1,000 KLA employees volunteered for 25 organized events with local nonprofits at 13 KLA sites in Asia, Europe and North America:

U.S.: Employees in California, Michigan, Oregon, New Jersey and Arizona created "welcome home" kits for foster teens, built STEM kits and assembled bikes for local youth, built playhouses with Habitat for Humanity, assembled activity kits for medical facilities, collected books for underserved children and packed food for a local food bank.

India: Employees in Chennai helped underserved students through storytelling, games and science videos, and removed weeds from an urban forest that's home to more than 200 rare indigenous trees.

China: Employees chaperoned urban migrant children on a field trip to the Shanghai Ocean Aquarium and worked with them on science and art projects.

Taiwan: Employees in Hsinchu engaged with underserved rural kids during baseball training sessions and painted walls at their elementary school.

Japan: Employees in Yokohama worked with a local nonprofit to organize a semiconductor workshop for children ages 9 to 12.

South Korea: Employees accompanied children from a local orphanage on an aquarium visit.

Wales: Employees from our Newport facility volunteered at an annual Halloween party to support children and teens with disabilities and developmental challenges.

Singapore: Employees volunteered at a local school, helping kids with science projects, conducting mock job interviews and acting as chaperones during a field trip.

Keep Looking Ahead

NEXT STEPS IN 2024 AND BEYOND

Expanding Employee Resource Groups: Kickoff events are scheduled for 2024 for new ERGs focused on veterans and multigenerational employees.

Improving engagement and collaboration: In 2024, the CLC will begin engaging with managers and HR business partners to develop improvement plans based on employee survey results. Additional training will be delivered via "Engaging with Engagement" webinars to help leaders gain insights from the Engagement Survey dashboard and work toward building greater collaboration with their teams. A new Engagement @KLA website is also scheduled to launch, displaying past survey results and providing resources for employees.

Enabling professional and personal growth for every employee: In 2023, several teams comprising more than 20 employees formed under the banner Development Dimensions to assess and advise on enhancing employee growth. Their recommendations were consolidated into KLA's 2024 strategic plan and will be operationalized through several projects in 2024:

My KLA Career: This new web toolkit acts as a new one-stop shop for employees to manage their careers, containing assessment tools and advice on building visibility and reputation within KLA, and identifying opportunities for skills development and career advancement.

New career management tools: A program that encourages employees to complete their career profiles, explore potential opportunities using an opportunity graphs tool and set up automated job searches for roles of interest.

Self-service learning: Our new employee-facing Learning Management portal launched in December 2023 with deep content and a user-friendly interface. In 2024, we will begin the process of engaging employees on the system's offerings.

Employee-focused content: Responding to feedback from our annual Employee Engagement Survey and other channels, our CLC will release more than 70 new on-demand courses in 2024 on topics including mentoring, coaching, job crafting, aligning personal strengths with work, networking, effective meetings with managers, impactful storytelling and more.

Expanding ISO certifications: By the end of 2024, we anticipate receiving integrated certification of our main manufacturing and R&D facilities to ISO 14001 (environmental management systems) and ISO 45001 (occupational health and safety management systems) standards.

Globalizing our investment in education: For 2024, the KLA Foundation will expand our previously U.S.-focused Education Equity Fund to other global communities where KLA operates.

Amplifying employee donations and volunteering: In 2024, Donation for Doers benefits will increase to $25 per volunteer hour, with a quadrupled annual cap of $2,000. To celebrate Giving Tuesday, KLA employees across the globe will be invited to nominate their favorite nonprofit organization or nongovernmental organization (NGO) to receive one of five $10,000 KLA Foundation grants.

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PRODUCTS AND SUPPLY CHAIN

KLA is proud to be part of the most significant technological breakthroughs that define our times, from laptops and wearable devices to smartphones and smart cars. We are always working to improve our products' performance, driving efficiencies that accelerate our customers' research and development (R&D) and product ramp cycles, drive higher semiconductor die yield, and improve chip quality, profitability and sustainability.

Our global reach also confers an opportunity for KLA to be an innovator in seeking new power efficiencies, reducing waste, promoting responsibility across our supply chain, and delivering a cleaner and more sustainable future for all.

Product Stewardship and Innovation

KLA's technologies enable critical capabilities for the semiconductor industry and every technology that flows from it — from computers and smartphones to AI, cloud systems, robotics, smart cars and space exploration systems. Through our solutions for defect inspection and review, metrology, in situ process monitoring, chemistry process control, and etch and deposition processes, we give our customers eyes and ears into every aspect of chip and electronic component fabrication. Our comprehensive solutions portfolio has a similar impact in the manufacture of solar cells and hard disk drives.

Semiconductor manufacturing is an exacting, time-consuming process in which wafers discovered to contain a critical chip design error, defect, material impurity or process variance may need to be discarded, incurring substantial costs, delaying processing time and generating waste. Our tools and technologies play a crucial role by intercepting defects early in the manufacturing cycle, enabling corrective actions and resulting in higher yield, lower waste, greater overall manufacturing efficiency, and improvements in the quality and efficiency of the technologies those chips drive.

KLA's focus on sustainability is a natural part of this role, a synergistic melding of our mission to advance humanity and our business of delivering leading quality control products.
By offering next-era solutions that support the development of a low-carbon economy, we're satisfying broad, rising demand from our customers, investors, employees and other stakeholders.

Our Product Efficiency Strategy

KLA takes an ecosystem view of how our products affect overall power consumption and associated GHG emissions, recognizing that the combination or our products' in-use efficiency and performance drives cascading effects, beginning with our Scope 3 inventory (use of sold products). From there, our products' ability to drive higher yield and overall manufacturing efficiency positively impacts our customers' Scope 1 and 2 inventory. As a third-layer effect, our products help our customers drive greater power efficiencies in their own manufactured devices, ultimately driving down their Scope 3 impacts.

To address our products' power consumption, we are creating a comprehensive product energy efficiency strategy that incorporates efficiency metrics into the product development processes and aims to generate and adopt innovative energy efficiency solutions. Our dedicated ESG product lead supports this effort, along with efforts to standardize energy intensity metrics across product groups. In 2023, we launched a new, cross-divisional Product ESG Steering Team comprised of management representatives to focus on product efficiency throughout KLA.

To more accurately calculate the environmental impacts of our tools during use, in 2022 we established working groups across our business units to segment KLA product groups, define best practice methodologies and assumptions for calculating energy consumption, and gather more accurate data. Whenever possible, we measure the actual energy consumption of our tools and components in our labs using the recommendations of the "SEMI S23 Guide for Conservation of Energy, Utilities and Materials Used by Semiconductor Manufacturing Equipment," rather than relying on industry averages or modeling. These efforts informed completion of our Scope 3 assessment, which in turn informed our science-based Scope 3 reduction target. Our near-term, science-based emissions reduction targets were approved in 2024. For more information, see Climate & Energy.

"Environmental sustainability is a key consideration for our customers and KLA and informs our product development efforts."

— *Ahmad Khan*
President, Semiconductor Process Control

Our Product Efficiency Strategy

Beyond our essential desire to do right for the world and align with our SBTi validated targets, our product power efficiency efforts create direct benefit for KLA and our customers across four innovation pillars:
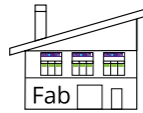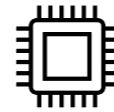
Enabling power-efficient manufacturing

Our solutions enable manufacturers to improve yield, thereby reducing waste and associated GHG emissions by improving the efficiency of process tools across the manufacturing environment.

The semiconductor manufacturing process is rife with opportunities for failure and associated costs in fab cycle time, materials, chemicals, energy and emissions. Our process control inspection, metrology and analysis tools improve yield by providing a signal to problems occurring in manufacturing, enabling manufactures to resolve those problems quickly. This improves output and eliminates unnecessary scrap and yield loss, resulting in lower waste and a higher yield of functional die at the end of the fabrication process. The faster a fab can ramp to high yield and then increase volume, the lower the equivalent emissions per die. And since emissions per die increase as semiconductor nodes get smaller and more complicated, yield/process control becomes ever more important.

Having the tools to spot defects early affects not only day-to-day fab operation but also long-term planning. To meet demand, manufacturers must be able to guarantee a certain output of functional product. If they need to account for frequent low yield, they'll require larger facilities using more power and materials. Achieving consistent high yields using KLA tools allows for the construction of smaller, more efficient fabs.

Enabling power-efficient devices

Power efficiency improves as devices get smaller and more dense, but so does the challenge of detecting and measuring these smaller and more dense structures. KLA enables the next generation of devices by developing the most advanced inspection and metrology solutions to support these leading-edge nodes that are driving power efficiency in advanced compute, AI, mobile, servers, and other markets. In the power electronics segment, KLA has also released several platforms that support the ramp of critical power semiconductors on new materials such as SiC and GaN, which enable the drive to more power-efficient electric vehicles, data centers and industrial applications.
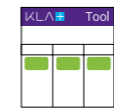
Innovating more power-efficient KLA products

In designing our process-control and process-enabling solutions, our first commitment is to performance that enables our customers to build the next generation of more power-efficient devices — creating a much greater impact on fab energy efficiency than the energy demands of the tool itself. Within this commitment, however, we also work to innovate and adopt new solutions that enhance our products' own energy efficiency and drive customer efficiency. Our product energy efficiency strategy focuses on three areas: defining and setting meaningful and measurable targets, aligning KLA business processes to enable product energy efficiency improvements, and communicating those targets and processes to continually improve and align our strategy. Our engineering teams investigate opportunities for product efficiency in our development efforts.

Innovating a more power-efficient business

Our efforts and influence encourage power efficiency and renewable energy use internally, and also in our supply chain.

In our own operations, KLA follows best practices to improve power efficiency and seeks new opportunities to transition to renewable energy, working toward our goals of 100% renewable electricity globally by 2030 and net-zero Scope 1 and 2 emissions by 2050. In our supply chain, we engage with key suppliers to encourage energy-efficiency measures and establish climate goals.

Chemical Substances Management

To manage risks, support ongoing assessments and obtain required certifications, KLA works with industry-leading third-party partner Assent Compliance to conduct assessments of materials used in our supply chain. KLA products have been evaluated as safe for their intended use in highly controlled environments, according to applicable industry safety standards. As KLA products reach end-of-life, we recommend disassembly and responsible disposal by skilled technicians.

We proactively assess the potential presence of certain substances in products and materials suppliers provide to KLA - including, but not limited to, those listed in the Toxic Substances Control Act (TSCA), the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) directive, and the Persistent Organic Pollutants (POPs) regulation. We do this through internal due diligence processes and surveys of our supply chain.

To help KLA maintain a responsible supply chain that meets business and regulatory requirements, in 2023, we developed a plan to establish a Legal, ESG and Geopolitical (LEGO) forum comprised of cross functional stakeholders that will meet regularly and report to an executive-level steering committee. In late 2023, we also launched a focused supplier survey on per-and-polyfluoroalkyl substances (PFAS) and began investigating iron and steel imported into the EU.

Product Refurbishment

To extend the lifespan of our products and support the circular economy, our KLA Pro Systems group repurchases older KLA products and runs them through a complete testing, refurbishment and certification process before making them available to customers with a full one-year parts and labor warranty. The refurbishment process offers both customer and environmental benefits:

- Extends the useful life of KLA products to our customers and reduces environmental impacts from new manufacturing.
- Diverts equipment scrap from landfills, potentially including hazardous material waste.
- Reduces the environmental impact of raw materials extraction and waste, including water and energy consumption and GHG emissions.
- Offers a more affordable alternative to buying new equipment, making legacy technology more accessible for non-leading-edge customers.

Product Spotlights

Advancing Electric Vehicle Efficiency Through Process Control

As the automotive sector continues its shift from internal combustion to electric, semiconductors have become foundational to the industry. By some accounts, 80% of automobile innovation is now associated with semiconductors, and each individual electric vehicle (EV) can contain many thousands of chips, including the advanced chips needed to enable evolving driver-assist features and onboard displays. Since safety, reliability and quality are top of mind for industry regulators and consumers, semiconductor manufacturing must be able to root out all sources of potential and latent reliability defects, especially in newer technologies that show great promise but haven't yet had time to mature.

As an example, an EV's inverter — which converts a battery's stored electrical energy into usable power for the vehicle's motor — can be built using chips based on a new material like silicon carbide (SiC), which delivers greater power efficiency compared to well-established silicon, opening the door to significantly improved vehicle range, significant reduction in onboard battery size and lower environmental impact. The potential downside? SiC is difficult to fabricate into devices, and excursions in the manufacturing process for SiC wafers are 10 times more expensive than similar process deviations for silicon. This makes process control key to ramping from R&D to high-volume manufacturing.

By improving SiC substrates and device yields, KLA's inspection and metrology solutions are making SiC an economically feasible option for inverters, helping support new generations of more efficient and reliable EVs. Using machine learning technology, our fully automatic I-PAT® (inline defect part average testing) screening solution evaluates each chip's total defectivity during manufacturing. This helps automotive chipmakers intercept at-risk chips in the fab before they enter the supply chain, improve decisions on which chips meet automotive quality standards, and reduce false positives and negatives associated with at-risk chip identification. I-PAT can be used to screen SiC-based and silicon-based power devices for use in EV power inverters as well as silicon-based chips used for infotainment and advanced driver-assist systems.

With global automakers expected to sell more than 40 million EVs per year by 2030, KLA is continually looking ahead to support development of new technologies for greener, smarter cars that run safely and deliver an outstanding user experience — all while improving manufacturing and vehicle efficiency and reducing waste.

Extending KLA Tools' Longevity and Performance

The estimated average operating lifespan of a KLA product is more than 20 years — a fact that speaks not only to our products' enduring value, but to the support and innovation the KLA Services organization provides to extend our tools' performance and lifespans.

As technologies change across the semiconductor industry, our tool upgrade engineers and service teams collaborate to help keep in-service tools current and delivering effectively and efficiently for our customers. For instance, KLA Services initiated a program to upgrade tools to energy-efficient solid-state lasers wherever possible. To date, the program has converted over 550 systems, resulting in a total savings of over 6 million kwh/year. Looking forward, we plan to continue converting systems and rolling out upgrades to additional product lines, targeting over 1,200 systems in total.
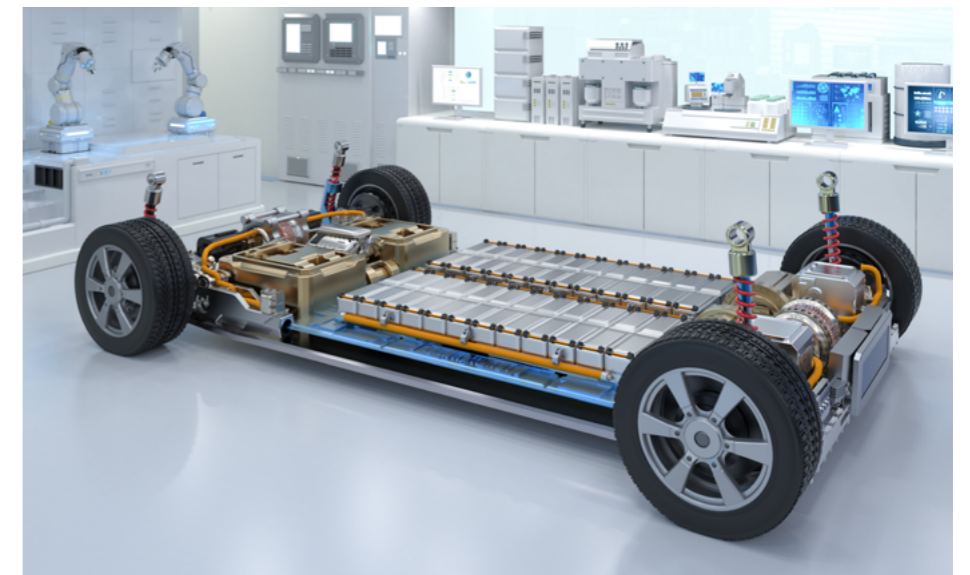
Cybersecurity and IP Protection

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Around the globe, businesses are under constant threat from financially motivated cybercriminals and foreign governments seeking advantage through information theft. In the face of ongoing geopolitical tensions and U.S. regulations around semiconductor-related technology exports, risks involving malicious threat actors are heightened for both the industry and its supply chain.

To mitigate these threats, our cybersecurity team evaluates the architecture of our network, maintains a security-first mindset and focuses on scalability to support the future needs of the business. KLA's cybersecurity program is based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This does not imply that we meet any particular technical standards, specifications or requirements, only that we use the NIST CSF as a guide to help us identify, assess and manage cybersecurity risks relevant to our business. Our cybersecurity program is led by our chief information security officer, who reports regularly to our executive team and at least quarterly to our Audit Committee. Our security team is principally responsible for managing KLA's cybersecurity risk assessment processes, our security controls and our response to cybersecurity incidents. Our program also benefits from engagement with a diverse set of external cybersecurity advisors and consultants.

KLA's information security/cybersecurity policies are available internally to all employees. We continue to enhance our data privacy compliance program to address the EU's General Data Protection Regulations (GDPR) and new data privacy regulations in other jurisdictions as they apply.

Key Cybersecurity Goals

• **Protecting and defending KLA's sensitive information assets and business operations**	• **Creating a cyber-aware culture and processes that enhance our risk assessments and decision making around cyberrisks**	• **Building business-wide resilience that enables us to better identify, respond and recover from cyberattacks**

Key Cybersecurity Activities

- Response procedures and escalation protocols, tested through tabletop exercises

- Monitoring our global environment via our Security Operations Center

- Cyberthreat research and analysis through our cyber intelligence organization

- External threat monitoring, phishing exercises and penetration testing, including independent third-party assessments and attestation

- Annual security training programs for global employees on topics such as cyber regulations, ransomware, techniques for protecting sensitive information and information sharing based on "need to know"

- Scanning emails for network events that are identified as potentially malicious for expedited isolation

- Custom automation to allow expedited isolation of potentially malicious network events

- Risk assessments designed to help identify material risks from cybersecurity threats to our critical systems and information

- Use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes

- Cybersecurity incident response plan and processes for responding to cybersecurity incidents

- Risk management processes based on our assessment of the respective risk profile of key third-parties

Responsible Sourcing

KLA aims to ensure reliable, efficient access to the goods and services needed to create our products. We evaluate our suppliers and require compliance with business codes of conduct, human rights standards, and the terms and conditions in our contracts that directly support responsible sourcing. Through ongoing engagement and innovation, we build stronger supplier relationships, optimize our supply chain and strengthen KLA's competitive advantage.

"At KLA, we understand the profound impact our technology has on shaping the future. By constantly innovating and partnering responsibly, we're committed to driving progress and transforming industries."

— Theo Kneepkens
Senior Vice President, Global Operations

Supply Chain Management

KLA's Supply Chain Management (SCM) program works toward continuous improvement throughout the KLA product lifecycle and supplier relationship, communicating our expectations and providing guidance to our suppliers. For supplier managers, category managers and buyers, our cross-functional selection and qualification process includes guidance on required deliverables, supplier engagement and performance improvement for direct suppliers. A similar process called Source to Manage provides guidance regarding new and existing indirect suppliers.

Through our supplier tiering process, we create required scorecard reviews that track changes in a supplier's overall performance across both business metrics and ESG issues, including financial, country-specific, and commodity-specific risks. As part of the SCM process, suppliers undergo planned business reviews, site visits and RBA SAQ facility risk assessments, as appropriate.

KLA expects suppliers to review, understand and act in accordance with our Supplier Standards of Business Conduct as well as our Global Human Rights Standard, which is aligned with the RBA Code of Conduct. Together, these standards cover areas including labor rights, safe and healthy work environments for employees, adherence to applicable environmental and employment laws, responsible handling of certain metals and minerals, and ethical business practices.

KLA is a regular member of the RBA, and each year we assess key direct suppliers using the RBA Self-Assessment Questionnaire (SAQ), which provides KLA and the supplier with an overall risk score for individual supplier facilities. We monitor the results of those assessments, comparing with previous years to gauge the supplier's overall risk level, identify areas for improvement and track those areas until they are fully addressed. Suppliers that post an overall high-risk score are subject to a third-party audit (per RBA member guidance) to gain a deeper view into their risk issues, and we work with them to improve their score. In 2023, we achieved an 85% response rate for direct suppliers asked to complete the RBA facilities self-assessment.

In 2023, as part of our continuous improvement efforts, we increased the number of direct suppliers surveyed by 29%.

We also successfully expanded the program to include our top tier 1 indirect suppliers. This new effort resulted in an 87% completion rate of the Indirect Facility SAQs requested.

For the first time, we rolled out a separate initiative in 2023 to engage key KLA suppliers around disclosing metrics to CDP and working toward establishing climate goals covering their emissions. We targeted suppliers that represent the highest impact emissions for our purchased goods and services and saw a higher-than-expected initial response rate. See the Reducing Supply Chain Carbon Impacts section of this report for more details on this initiative.

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Human Rights

KLA believes in individuals' right to work in an environment that upholds labor rights, forbids harassment and discrimination, and is free from all forms of forced labor. We recognize the potential human rights issues and labor risks that may occur in our supply chain, especially for vulnerable populations in society, including women, children and minority groups. Through our Global Human Rights Standards, we communicate our high expectations to our supply chain partners, and our global supply chain management program supports efforts to drive ongoing compliance and transparency regarding human rights throughout our supply chain. We enforce our human rights policies through our annual RBA Supplier Assessment Questionnaire (SAQ), contractual supplier requirements and ongoing supplier relationship management.

Supplier Inclusion and Diversity

KLA strives to build an inclusive supply chain, and we recognize that partnering with a broad range of suppliers is fundamental to the company's continued success. In our sourcing and purchasing activities, we seek out a variety of suppliers whose goods and services meet KLA's standards, supplier selection criteria and customer requirements.

The Supplier Inclusion & Diversity page of our website encourages potential new certified suppliers to notify KLA if they meet any of the recognized categories listed in our Supplier Diversity Classifications Guide.

We maintain memberships with organizations that focus on the growth of our supplier base. In 2023, we gave supplier managers access to a third-party database to search for potential diverse suppliers that may meet KLA's needs and stringent standards.

We also continued our engagement with the Western Regional Minority Supplier Development Council (WRMSDC) and the SEMI Manufacturing Ownership Diversity (MOD) working group. As a recognized Bronze-level corporate member of the WRMSDC, KLA shares best practices aimed at building more inclusive supply chains. We also support WRMSDC's mission to expand business education and develop business development scholarships. Through SEMI-MOD, we participate in efforts focusing on the capabilities of suppliers in the semiconductor manufacturing industry.

Managing Conflict Minerals

KLA strives for responsible sourcing of minerals used by suppliers in the creation of our products. As part of this effort, we aim to take reasonable steps to validate that our products contain no tantalum, tin, tungsten or gold (3TG or "conflict minerals") sourced from the Democratic Republic of Congo and adjoining countries where their production is known to fund conflict or human rights abuses. In alignment with U.S. regulations, we complete an annual Reasonable Country of Origin Inquiry (RCOI) into 3TG minerals in our supply chain. Following verification by a third party, we use the results of this inquiry to inform mitigation strategies, supplier engagement priorities and annual disclosures. In 2023, we began expanding our inquiry to include cobalt and mica, two emerging materials of concern. For details, see our Product Regulatory Compliance Guidelines for KLA Suppliers.

Keep Looking Ahead

NEXT STEPS IN 2024 AND BEYOND

Product Stewardship and Innovation

Launching a Sustainability Roundtable (SRT):
In 2024, we will launch a cross-divisional working group of engineering representatives to share best-known methods and use cases companywide, with an initial focus on product efficiency. The SRT will meet regularly and report to the Product ESG Steering Team.

Working collaboratively on Legal, ESG and Geopolitical (LEGO) developments:
In 2024, we plan to formalize KLA's LEGO taskforce, launch a supplier survey on iron and steel imported into the EU and expand the per-and-polyfluoroalkyl substances (PFAS) survey initiated in 2023 across the broader supply chain.

Responsible Sourcing

Measuring supplier business continuity planning:
KLA's purchase agreement requires our direct supply chain partners to have business continuity plans in place. In 2024, we aim to launch a supplier risk management survey to assess suppliers' maturity in the areas of resiliency, cybersecurity, intellectual property protection and responsible sourcing.

ENVIRONMENT

KLA is committed to advancing humanity, and we realize that advancement doesn't happen in a vacuum. Doing the right thing means working with our customers, suppliers and employees to create sustainable practices that contribute to the rebuilding of a healthy planet. This includes minimizing carbon emissions and waste, promoting responsible water use, transitioning to renewable energy and supporting increased power efficiency across the electronics industry.

Climate and Energy

KLA strives to reduce the carbon emissions from our operations and encourage emissions reductions in our supply chain.

In 2023, we submitted our climate goals to the Science Based Targets initiative (SBTi), including a quantifiable Scope 3 reduction target alongside our existing 2030 Scope 1 and Scope 2 emissions goals. In 2024, our near-term, science-based targets were approved by SBTi.

Below are our SBTi approved near-term science-based targets:

- Reduce absolute Scope 1 and 2 emissions by 50% by 2030 from our 2021 baseline
- Reduce Scope 3 GHG emissions from the use of sold products 52% per billion transistors inspected, measured, or processed within the same timeframe

In addition, we have established the following climate-related goals:

- Achieve net-zero Scope 1 and Scope 2 emissions by 2050
- Use 100% renewable electricity across our global operations by 2030
- Report climate-related governance, strategy, risk management, metrics and targets to our stakeholders annually, following recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

To address emissions in our supply chain, we work with suppliers representing the highest-impact emissions to set their own climate goals.

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

"We're proud to announce our near-term, science-based targets are SBTi-approved. This milestone reinforces our commitment to climate and energy action, paving the way for a sustainable future."

— Rick Wallace
President and Chief Executive Officer

Our Greenhouse Gas Inventory

KLA has measured our greenhouse gas (GHG) footprint on a calendar year cycle since 2019, while continually improving our carbon accounting process and methodology. Our GHG inventory is designed to align with the requirements of the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol, with our organizational boundary defined as encompassing all worldwide offices, manufacturing sites¹ and R&D facilities over which KLA maintains operational control. We collect and include operational control data from facilities we classify as "Super Sites"¹ and estimate data for sites that fall outside this definition. For each Super Site location, we collect detailed operational data for energy, water, waste, backup generators, vehicles, refrigerants and other emissions sources, and map them to the relevant Scope definitions:

Scope 1: Direct emissions from sources owned or controlled by KLA, including emissions associated with furnaces, boilers, vehicles, refrigerants (fugitive emissions), process gasses and volatile organic compounds.

Scope 2: Indirect emissions from the generation of energy (from both non-renewable and renewable sources) purchased and consumed by KLA. In our inventory, we calculate Scope 2 emissions using both the location-based and market-based methods within the GHG Protocol standard.

Scope 3: Relevant indirect emissions that occur across our value chain from purchased goods and services, capital goods, fuel- and energy-related activities (FERA), upstream transportation and distribution, waste generated in operations, business travel, employee commuting and use of sold products.

Since the estimated average operating lifespan of a KLA product is more than 20 years, emissions from use of sold products account for a significant percentage of our total Scope 3 footprint. To more accurately calculate the environmental impact from the use of our tools, we established working groups across KLA to quantify total energy use for each product family, using SEMI S23, F47 and/or TEE guidelines. Estimations using SEMI S23 involve more rigorous measurements of total energy use across the lifecycle of each product family, while calculations using F47 and TEE involve less exact estimations using higher-level product specifications. In 2023, we increased the share of tools covered on a unit basis by the more accurate SEMI 23 estimations to 58%. Completing SEMI S23 estimations is now standard practice for new KLA tools.

By encompassing impacts from the provision of clean and dry air, nitrogen, exhaust, vacuum and ultrapure water, these assessments go beyond previous measurements that were focused solely on direct electricity use by our products — helping us better align with evolving industry standards. To understand more about our product portfolio, we are going back to conduct assessments on previously shipped tool models. We also consider the destinations for product shipments to gain a more accurate representation of the electricity grids in those locations.

For more information, see the Our Product Efficiency Strategy section of this report.

¹A "Super Site" is defined as any R&D, manufacturing (including cleanroom) or office (including sales support) space that has a floor area greater than 40,000 square feet.

Methodology Updates

KLA seeks to update and improve our GHG inventory process as carbon accounting methodologies evolve, and we aim to be transparent about all changes to our methodology or other modifications in our approach. Though we made small improvements to our methodology in 2023, none require a rebaselining of our 2021 emissions.

To more accurately assess KLA's Scope 3 Category 1 (purchased goods and services) emissions, our 2023 reporting incorporates available data sourced from suppliers' CDP reporting and our own supplier engagement activities. Utilizing this data better reflects the impact of our suppliers' sustainability and decarbonization initiatives on our inventory. In connection with our SBTi engagement for validation of our near-term emissions reduction targets, we also revised our Scope 3 Category 11 (use of sold products) emissions calculations to be consistent with SBTi's methodology (see SBTi Corporate Near-Team Criteria). As such, this report contains amended emissions figures for our Scope 3 emissions from 2021 and 2022, in addition to figures for 2023 that use this updated methodology.

We also implemented a third-party carbon accounting platform for collecting and quantifying our 2023 emissions data. The system provides our stakeholders with greater ownership, understanding and transparency regarding emission calculations.

Our GHG Inventory Results

To support our emissions reduction strategy with accurate, credible GHG measurements, we completed third-party verification of our 2023 GHG inventory for Scope 1, Scope 2 (including renewable energy progress) and the following Scope 3 categories, to a limited level of assurance:

Category 1: purchased goods and services
Category 2: capital goods
Category 3: fuel- and energy-related activities
Category 4: upstream transportation and distribution
Category 5: waste generated in operations
Category 6: business travel
Category 7: employee commuting
Category 11: use of sold products

For more information, please see the Verification Statement in the Appendix.

Scope 1 and 2 Emissions

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

In 2023, our total Scope 1 and 2 GHG emissions decreased by 4.7% when compared to 2022. Scope 1 emissions decreased 5.2% in 2023 and Scope 2 emissions from electricity decreased by 4.6% due to increased purchase of renewable electricity since 2022. To maximize impact, we strategically prioritize renewables purchases in regions whose total energy inventory derives primarily from fossil fuels. As a result of our 2023 progress, we are on track to meet our Scope 1 and 2 emissions reductions goals.

KLA Scope 1 and 2 Market-Based GHG Emissions

	2021	2022	2023
Total Emissions (MT CO2e)	48,321	44,919	42,814
Scope 1 Emissions (%)	9.7%	17.7%	17.6%
Scope 2 Emissions (%)	90.3%	82.3%	82.4%

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Renewables and Energy Efficiency Efforts

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

To reduce KLA's carbon footprint as we move toward our 2030 goal, we are exploring new opportunities to source zero- and low-carbon energy and are conducting site-level energy audits to identify efficiency improvement opportunities. Energy audits serve to identify the most energy-intensive aspects of our operations while also identifying opportunities for incremental energy reduction through energy savings and efficiency measures (e.g., reductions in auxiliary power usage and energy-efficient alternatives). We are currently on track toward our 100% renewable goal with 64% renewable electricity usage.

Overall electricity consumption at KLA operational sites increased 14.8% year-over-year in 2023, primarily driven by expansions at Super Sites in the U.S. and Singapore. Our renewable electricity use increased by 9% from 2022. We are evaluating potential expansion of on-site renewables as well as potential virtual power purchase agreements (VPPAs). We procure renewable energy credits (RECs) following the framework of the GHG protocol.

In designing our global facilities, KLA promotes the use of eco-friendly materials and methods to reduce our carbon footprint and preserve resources. Our international mechanical, engineering and plumbing (MEP) operations are driven by the KLA Global MEP Guidelines for Controlled Environments, which prioritize green design and energy-efficient solutions. These guidelines not only drive operational excellence but also showcase our commitment to fostering positive ESG impact in the communities and environments where we operate.

Our headquarters in Milpitas, California undertook several energy efficiency efforts in 2023. At the campus's largest building, we identified an opportunity to increase the energy efficiency of chilled water systems by 30% while also increasing capacity and reliability. In addition, we collaborated with Pacific Gas and Electric (PG&E) on an in-depth energy audit, with the aim of identifying our operations' most energy-intensive aspects and pinpointing potential energy savings and efficiency measures. We anticipate receiving the comprehensive audit report in 2024.

KLA Purchased Electricity

	2021	2022	2023
Total Purchased Grid Electricity (MWh)	197,187	198,949	228,402
Renewable Energy (%)	**52%**	**55%**	**64%**

Scope 3 Emissions

Scope 3 emissions represent the overwhelming majority of our global emissions. In 2023, KLA's Scope 3 emissions fell by 17.7%, mostly due to a decrease in emissions in Category 1 (purchased goods and services) and Category 11 (use of sold products). Category 1 emissions fell by 16.9%, primarily due to a decrease in spend. Category 11 emissions fell by 19.3% due to our shipping fewer tools in 2023, which equates to a reduction in associated lifetime energy consumption and emissions. Emissions from all other Scope 3 categories decreased by 1.2%.

KLA Scope 3 GHG Emissions

	2021[2]	2022[2]	2023
Total Scope 3 Emissions (million MT CO2e)	3.25	4.23	3.48
Use of Sold Products Emissions (%)	75%	75%	74%
Purchased Goods and Services Emissions (%)	20%	18%	19%
Emissions From All Other Categories (%)	5%	6%[1]	8%[1]

[1]Due to rounding, subtotals may not sum to 100%.

[2]Scope 3 emissions have been restated for 2021 and 2022 as described in the Methodology Updates.

NEW

Goal: **Reduce Scope 3 GHG emissions from use of sold products 52% per billion transistors inspected, measured, or processed by 2030 from our 2021 baseline.**

About Our Scope 3 Target

KLA's science-based target covering Scope 3 emissions is an intensity metric that enables us to measure the reduction of emissions by product over time as our process control activities and processes become more efficient. At the same time, we are helping our customers to develop the next generation of more power efficient devices themselves.

Our target gives the overall number of transistors or features that are inspected, measured and/or processed through the tool in relation to the emissions. The metric has three main elements:

- The estimated emissions of the product
- The amount of work the product does (throughput, area processed per year for those emissions)
- The type of work our product can do (what node or density the tool inspects, measures and/or processes)

If you apply an intensity target to mobility, this is how you would measure the emissions intensity of a vehicle:

- The estimated emissions would be the amount of fuel or electricity used in a year
- The amount of work the product does would be the distance it travels in a year for the fuel used
- The type of work would be the number of passengers carried per those emissions

In the mobility world, the easiest way to reduce emissions per passenger would be to increase the passenger load, but this requires convincing people to carpool. In the semiconductor industry, the efficiency improvements come to life through Moore's Law. For each node reduction, the density increases. This is like going from a car to a bus to a train every two to three years.

Emissions Intensity

In 2023, our overall Scope 1, Scope 2 and Scope 3 emissions decreased by 18% from 2022 and our emissions intensity decreased by 11%.

	2021		2022		2023	
	Revenue (millions)	tCO2e/m$	Revenue (millions)	tCO2e/m$	Revenue (millions)	tCO2e/m$
Emissions Intensity (tCO2e/million revenue)	$8.2	402.6	$10.5	407.0	$9.7	363.1

Reducing Supply Chain Carbon Impacts

We understand that doing the right thing for the planet is a shared endeavor across the value chain. Since purchased goods and services (PGS) comprise a significant percentage of our overall Scope 3 footprint, KLA engages directly with key supply chain partners (as defined by their share of our PGS emissions) to reduce that footprint, align our supply chain on common goals and enhance overall transparency.

In the first year of this new effort, we provided significant outreach and training to our key suppliers and encouraged them to report their climate data to CDP, resulting in a response rate that exceeded benchmarked expectations. By incorporating this additional data into our inventory, we gain a more precise understanding of our emissions.

For more information on how collected data was integrated, please visit the Methodology Updates section of this report.

"By engaging with our key suppliers on emissions reporting and reduction, we gain the clarity needed to take broader action across our value chain."

— John McLaughlin
Global ESG Leader

Climate Risk Management

Goal: **Follow TCFD recommendations and report climate-related governance, strategy, risk management, metrics and targets to our stakeholders on an annual basis.**

KLA's climate-related issues are monitored by our executive team, the ESG Steering Committee and the global ESG leader. The Nominating and Governance Committee of KLA's Board of Directors monitors our policies, programs and strategies related to environmental stewardship.

KLA follows a robust climate risk assessment process guided by TCFD's framework and recommendations. Our assessments are based on scenario analysis, research and stakeholder engagement, and cover short-, medium- and long-term physical and transition risks and opportunities across our full value chain. Key senior leaders and subject matter experts assess the relevance to the business of each identified risk or opportunity, then prioritize them based on potential impact, likelihood and assessments of KLA vulnerabilities. The result is a holistic overview that informs our climate strategies and management plans and supports annual disclosure to our stakeholders of climate-related governance, risk management strategies, metrics and targets.

For a more detailed look at KLA climate risk management, see our annual CDP Climate Change Report and the TCFD Report in this report's Appendix.

Materials and Waste

KLA strives to reduce waste generation across our sites and support our customers' efforts around responsible materials management. In 2023, we published a new KLA Water & Waste Policy detailing our corporate intentions and our expectations of employees, contractors and others working on behalf of the company. Within our ISO-certified systems, we commit to strategies that reduce the creation of waste materials, and we pursue beneficial reuse or recycling strategies for unavoidable waste materials. As an example of these efforts, our U.S. and Singapore locations have implemented a reusable crate program that reduces the volume of raw materials used in crate manufacturing while also saving costs.

In 2023, we implemented new data collection software and established definitions for 23 waste categories and eight disposition methods within our global waste management system, allowing us to better identify waste impacts across our Super Sites and inform target-setting and mitigation actions (using 2023 as our new baseline). Waste categories include both hazardous and nonhazardous waste: general trash, construction waste, universal waste, e-waste, wood, glass, cardboard, paper, plastic and metal. Disposition methods include recycling, reuse, composting, fuel blending, treatment/neutralization, landfilling and incineration.

Nonhazardous waste increased 15% in 2023 over 2022,[1] primarily due to cleanup efforts at multiple sites, building expansion in Singapore, and construction projects at our sites in the U.S., Belgium and Germany. On a normalized per-headcount basis, our total nonhazardous waste per person increased from 269.1 kgs in 2022[1] to 319.5 kgs in 2023.

This report represents our first year reporting hazardous waste, which totaled 126.8 metric tons across KLA Super Sites in 2023, representing 4% of our total waste. We seek opportunities to reduce hazardous waste wherever feasible. We maintain waste management programs for various types of waste including recyclables, hazardous and nonhazardous waste, universal waste (such as batteries, lamps and aerosol cans), e-waste, wastewater, packaging and others. Employees involved in the handling and/or management of hazardous materials and waste are required to undergo training that accords with regulatory requirements in their facility's country and regional location.

**Total Nonhazardous Waste Generated
2,782.7 metric tons[2]**

- Recycled
- Landfill
- Incineration
- Treatment/Neutralization
- Composted
- Reuse
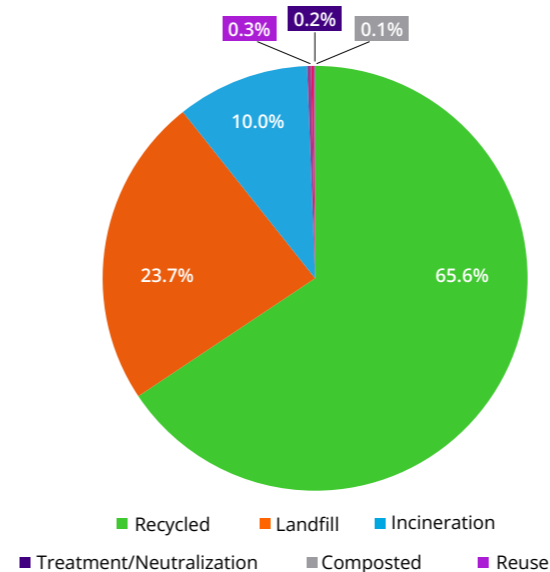
**Total Hazardous Waste Generated
126.8 metric tons[2]**

- Recycled
- Landfill
- Incineration
- Treatment/Neutralization
- Fuel Blending
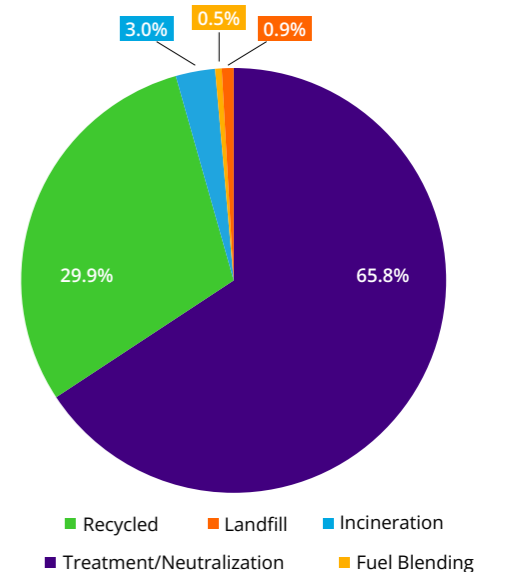
[1]In this report, we have adjusted the 2022 nonhazardous waste data figure from 2,235.7 metric tons to 2,430.3 metric tons and adjusted the corresponding 2022 total nonhazardous waste per person data figure from 247.6 kgs to 269.1 kgs. In the interest of accuracy and transparency, these figures have been refined based on enhanced data collection methods and a more comprehensive collection scope.

[2]Figures based on waste from KLA Super Sites, as defined in the section Our Greenhouse Gas Inventory. KLA does not estimate waste from non-Super Sites. Due to rounding, totals may not sum to 100%.

Water Management

As a company committed to environmentally responsible operations, KLA is aware of our water-use impacts and attentive to improving water stewardship across global operations and promoting water efficiency among our supply chain partners. Our own fo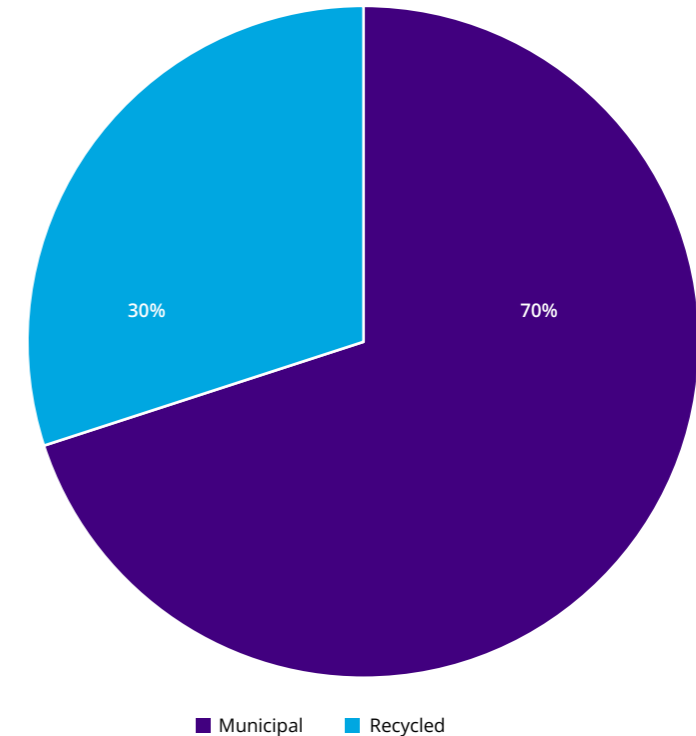otprint comprises water used in manufacturing processes and general building services (including sanitation, landscaping and utilities).

We continue to look for opportunities to reduce our impacts on municipal water sources and use recycled water when possible. At our Singapore site 82% of total water usage is domestic wastewater (NEWater) cleaned through microfiltration, reverse osmosis and ultraviolet disinfection that can be used for industrial purposes such as cooling towers. In 2023, across all Super Sites, 30% of total water withdrawals are from recycled water.

In early 2023, we used select indicators from the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter plus operational data to evaluate basin-level water risk, considering the following contextual issues: water availability and quality at the basin/catchment level, implications of water on key commodities/raw materials, and water regulatory frameworks. Our water risk assessment identified three KLA sites at risk for water stress: our headquarters in Milpitas, California and sites at Yavne and Migdal Ha'emek, Israel. The share of total water use from these sites decreased from 52% in 2022 to 50% in 2023.

Our 2023 total water withdrawals represents a 6% increase in water use primarily stemming from building expansions in Singapore and India and an increase in the number of employees regularly working on site. On a normalized per-headcount basis, our municipal water usage increased from 5,695[1] gallons per person in 2022 to 6,034 gallons per person in 2023.

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[1]KLA has adjusted the 2022 total water figure from 84,607,607 gallons to 82,727,449 gallons and the corresponding normalized per headcount basis of municipal water withdrawals from 5,884 to 5,695 gallons/person in this report to reflect our process of continuous improvement and methodological updates. In the interest of accuracy and transparency, these figures have been refined based on enhanced data collection methods and a more comprehensive collection scope.

KLA Water Withdrawals[2]

■ Municipal ■ Recycled

KLA Water Withdrawals

	2022[1]	2023
Total (Gallons)	**82,727,449**	**87,876,821**
Municipal (%)	72%	70%
Recycled (%)	28%	30%

[2]Figures based on water withdrawals from KLA Super Sites, as defined in the section Our Greenhouse Gas Inventory. KLA does not estimate water withdrawals from non-Super Sites.

Environmental Management

KLA is committed to a comprehensive approach to environmental, health and safety management and published our Environmental, Health & Safety Commitment Policy that articulates our pledge to manage key operations sustainably, in line with the company's core business principles. In 2023, we continued to maintain ISO 14001 certification with successful audits at our key locations, and we are working to further expand certification globally. At the same time, we are standardizing our environmental data collection across the business, which will support continued tracking and reduction of environmental impacts.

Encouraging the EV Transition in Israel

At KLA sites in Israel, vehicle lease options are offered as part of the benefits package for eligible employees. In 2022, members of the EHS and facilities teams began an effort that encouraged employees to choose electric vehicles over fossil-fuel vehicles, elevating both the environmental and financial benefits. To date, the effort has resulted in the leasing of 109 EVs: 90 by private lease and 19 by KLA direct lease. Thirteen charging bays were also added at the Israel sites, offering charging for 26 vehicles at a time.

KLA Employee Earth Day Impact

Around the world, KLA employees honored Earth Day 2023 and other environmental awareness celebrations by rolling up their sleeves to create a cleaner and healthier world.

In southern Taiwan, 25 KLA employees volunteered to help remove invasive plants and bugs from a wetlands area, improving the habitat for migratory birds. Another 120 KLA Taiwan employees joined family and friends for a "Let's Go Hiking" challenge to explore the island's natural beauty while fostering healthier work-life balance.

During the annual Tu BiShvat "New Year of the Trees" holiday in Israel, KLA employees contributed time and energy to planting therapeutic gardens. Through the Izonefesh association, which offers alternatives for psychiatric hospitalization, employees from our Yavne office planted trees at the Oranim youth village in Rishon Lezion and at two "balance houses," one serving teenagers and one adults. Employees from our Migdal Ha'Emek site planted trees in the Magadim youth village, which houses at-risk children and youth.

In Singapore, 108 KLA employees worked through the KLA Foundation to support the One Million Trees Movement and the Garden City Fund by volunteering to plant 170 trees. In a separate effort, KLA Singapore participated in the World Wildlife Fund's 2023 Earth Hour, when 414,000 people from 187 countries shut off non-essential lighting for one hour, raising awareness of the need for environmental action.

Keep Looking Ahead

NEXT STEPS IN 2024 AND BEYOND

Reducing supply chain carbon impacts:
In 2024, we will analyze CDP climate data obtained from our key suppliers (see Reducing Supply Chain Carbon Impacts) to develop and roll out new trainings to increase knowledge, skills and expertise around GHG inventory, CDP reporting and establishing climate goals.

Optimizing energy use and MEP systems:
Two digital twin pilot programs launching in 2024 at our headquarters in Milpitas, California aim to provide real-time monitoring of utilities consumption and enhance the operation and maintenance of MEP systems and controlled environments. This initiative is expected to generate detailed insights and identify areas for improving energy efficiency and lowering utilities consumption and emissions.

Expanding renewable energy sourcing:
In 2024, we will evaluate on-site renewable installations at multiple sites and will continue exploring and investing in new renewable electricity sourcing opportunities, including establishing a VPPA.

Establishing waste and water reduction initiatives:
With standardized reporting categories and new baselines established in 2023, we will work toward setting targets for water use and waste reduction in 2024.

GOVERNANCE AND ETHICS

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Good governance is a demonstration of responsibility — to our organization, employees, investors, partners, communities and every other node in our business ecosystem. Through our corporate governance strategy, KLA aims to protect our stakeholders, sustain strong foundations for future growth and support our mission to advance humanity. We maintain robust policies and practices that promote ethical business practices and compliance with evolving regulations among our leadership, employees and partners, furthering progress toward both our business goals and ESG targets.

Corporate Governance and ESG

Corporate Governance Oversight

KLA is governed by a Board of Directors ("Board") led by Board Chair Robert Calderoni, who has been a KLA director since 2007 and has more than 30 years of executive experience in the technology industry.

The Board has three standing committees — 1) Audit, 2) Compensation and Talent, and 3) Nominating and Governance — each of which holds specific oversight responsibilities for aspects of KLA's business. Charters for each committee define their areas of responsibility.

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

In 2023, KLA adopted a Clawback Policy aligned with new SEC/Nasdaq requirements, setting out a process for recovering from current or former executive officers any incentive-based compensation determined to have been erroneously awarded following a financial restatement.

See KLA's investor website for information on our Board members and the charters and membership of our Board committees.

> "At KLA, we know strong governance is foundational for sustainability. A robust framework with clear accountability and oversight will help us integrate sustainability principles into operations."
>
> *— MaryBeth Wilkinson*
> *Executive Vice President and Chief Legal Officer*

Prioritizing ESG

KLA's ESG Steering Committee oversees the implementation of programs and strategies designed to achieve our ESG goals. Chaired by our global ESG leader and comprising leaders from across the business, the committee prioritizes cross-functional ESG programs that engage a broad range of internal and external stakeholders and support increased business integration. Our global ESG leader reports to a member of KLA's executive team, promoting alignment of the corporate ESG strategy with KLA's business goals and enabling progress on our ESG journey.

The global ESG leader receives updates from and engages with management, and provides updates to the Board's Nominating and Governance Committee, which is responsible for monitoring KLA's policies, programs and strategies related to environmental stewardship, corporate citizenship, human rights and other social and public matters of significance to KLA. ESG oversight was added to the Nominating and Governance Committee's charter in 2021, in response to input from our stakeholders.

ESG Governance at KLA
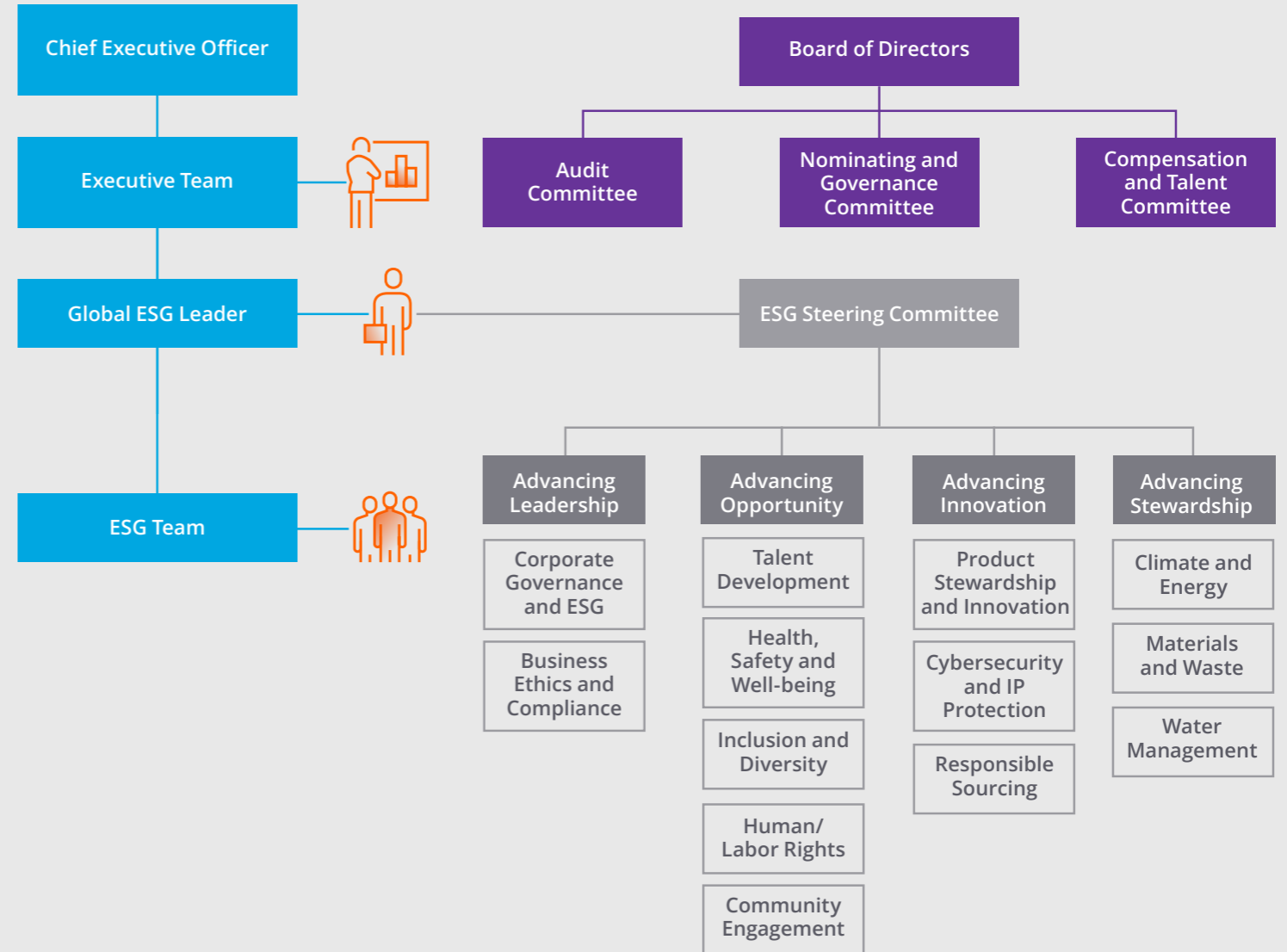
Business Ethics and Compliance

Informed by our values, KLA's ethics and compliance program is foundational to the company's reputation as a fair and reliable business partner. To meet evolving regulatory and business requirements, we are committed to continually reassessing and maturing our ethics and compliance program's effectiveness.

Compliance Structure

On a quarterly basis, KLA's chief compliance officer (CCO) updates the Board's Audit Committee and the CEO's staff on current and emerging risk and compliance issues. These updates are informed by the results of regular risk and program assessments conducted through our Compliance Effectiveness Program (CEP), which identifies significant new risks in the legal, regulatory and business environments and advises enhancements to mitigate those risks.

KLA maintains risk management functions to assess ethics and compliance risks, independent of business and operational risks and conducts regular risk reviews of KLA legal entities that operate outside of the United States to identify ethics and compliance risks and compliance program enhancement opportunities. In 2023, KLA conducted a review of our sites in India, Israel, China, Taiwan, Germany and Singapore, plus our operations in Malaysia, Thailand and Vietnam that are overseen by our Singapore organization.

Leadership Commitment

KLA's Board of Directors and executive management are committed to maintaining, monitoring and continually improving KLA's ethics and compliance programs. In 2023, KLA's leadership deployed a new solution to conduct risk and program assessments for individual compliance risks and invested in new hires for our investigation, forensics and trade compliance teams and system enhancements to support our Global Trade Compliance function.

These and similar actions reinforce KLA's high ethical standards and practices. By regularly asking questions, seeking guidance, raising issues and communicating with employees on important ethics and compliance issues, our leadership demonstrates KLA's commitment to conducting business with integrity.

Whistleblower Policy

KLA's whistleblower and investigation programs are a critical complement to our compliance monitoring efforts. Our whistleblower hotline, EthicsPoint, is available to employees, suppliers, customers and the public. EthicsPoint is regularly used by our employees to report potential issues and we gain valuable insights from each investigation that are used to improve our compliance efforts. In 2023, we conducted around 300 investigations (more than double our 2022 total), resulting in 11 terminations and the implementation of other remedial actions. Over the past year, we strengthened KLA's investigation program by hiring an additional data forensic investigator and an employee relations investigator.

In June, we marked World Whistleblower Day 2023 with an employee awareness announcement that included a video explaining the spectrum of reporting outcomes. We also conducted a Four Ps communications campaign (potential personal benefit, private versus business interest, perception, promises) to encourage voluntary conflict-of-interest disclosures.

Engaging Our Employees

KLA's ethics and compliance culture encourages employees to behave in a way that aligns with our values. We expect every employee to acknowledge that they have read, understood and are acting in compliance with our Standards of Business Conduct; and our annual performance review process assesses individuals' success in upholding KLA's values. We also monitor employee compliance with KLA policies through our Annual Compliance Disclosure process, which targets more than 3,200 employees and asks them to certify compliance with specific aspects of our Standards of Business Conduct and disclose any instances of non-compliance. We added Hebrew and Traditional Chinese translations for our colleagues in Israel, Taiwan and Hong Kong. In 2024, the Annual Compliance Disclosure will target all managers and others in certain roles with fiduciary responsibility.

Each year, we conduct training and other campaigns to raise awareness of and mitigate risks associated with ethics and compliance topics such as anti-bribery and corruption, intellectual property (IP)/trade secrets, trade compliance, cybersecurity/privacy and antitrust. In 2023, over 6,500 KLA employees completed Values in Action (VIA) training modules, which contains guidance on our values and business ethics. We conducted roadshows at our facilities in Germany, Italy, Belgium, Denmark, Israel and India, and introduced a new Ethics@KLA toolkit. Through the toolkit, we encourage managers to hold regular ethics and compliance conversations with their teams, fostering an environment where employees feel comfortable asking questions and raising concerns. In November, we piloted Compliance Week in the APAC region, which included daily e-mails/quizzes and afternoon "hot topic" briefings presented by subject matter experts, with each day focusing on a different compliance subject. Based on this pilot's success, we will roll out Compliance Week activities in other KLA regions in 2024.

To extend the reach of our ethics and compliance team as KLA's global footprint grows, we launched an Ethics Liaison Network in 2023 comprised of appointed local compliance liaisons. Together with their regional Ethics and Legal Compliance team leaders, these liaisons are tasked with applying KLA's key compliance policies and procedures consistently within their local operations. Liaisons are also responsible for effectively listening to the business, helping to address daily ethics and compliance challenges and mitigating business risks.

Trade Compliance

Given the increasing complexities of the trade compliance environment, KLA continually enhances system controls in our enterprise resource planning systems, as well as instituting additional controls for restricted parties and end uses.

As in previous years, KLA's ethics and legal compliance team focused closely on global trade compliance issues in 2023, with particular attention to new trade regulations that impact our ability to sell certain products and provide services to certain customers in China. The evolving rules and regulations presented new compliance challenges that necessitated additional controls and frequent employee communication and trainings.

Anti-Bribery and Corruption

KLA maintains a robust anti-bribery and corruption compliance program that spans our global operations and is evaluated and updated on a regular basis. Our anti-bribery and corruption policies are published in English on our public website and in multiple other languages on our internal platforms.

Key features of the program include:

- A standalone anti-bribery and corruption training, completion of which is mandatory for the majority of our employees, including our senior management team (exempting those who have limited interaction with third parties)

- Additional bespoke anti-bribery training for senior management, as a module of our KLA Values in Action course

- Annual training for all employees through our Standards of Business Conduct training course

- Risk-based anti-corruption due diligence on third parties, assisted by specialized third-party due diligence firms

Anti-bribery and corruption program enhancements in 2023 included:

- Updating of contracts for distributors to enhance anti-bribery and corruption terms and conditions

- Review of our risk-based due diligence methodology for potential revision

- Launch of an internal eChannel partner tool to track questionnaires, certifications, due diligence reports and contracts for sales partners around the world

- Update of KLA's gifts and entertainment policy to clarify expectations for our employees

KLA operates in certain countries identified by Transparency International and other independent third parties as being at a higher risk for corrupt activities. In 2023, we completed four third-party assessments of channel partners in certain of these higher-risk countries.

Corporate Lobbying and Political Activity

KLA monitors and reports corporate lobbying efforts, a process that includes quarterly and annual reporting by KLA's Global Government Affairs group of all applicable activity by our registered U.S. lobbyists and other personnel.

As a matter of company policy, KLA does not make contributions of any kind to political parties or candidates. If any political contribution is contemplated in the future, such contributions must be preapproved by KLA's chief financial officer and the Legal and Compliance organization. For more information, see KLA's Standards of Business Conduct, Political Contributions and Activities.

KLA participates in trade and business associations that represent the interests of our company and industry and makes payments to them via dues. Some portion of the dues paid to these organizations is dedicated to advocacy. KLA does not engage in undisclosed political spending. Currently, the principal trade or business associations to which KLA belongs include SEMI and the Semiconductor Industry Association (SIA).
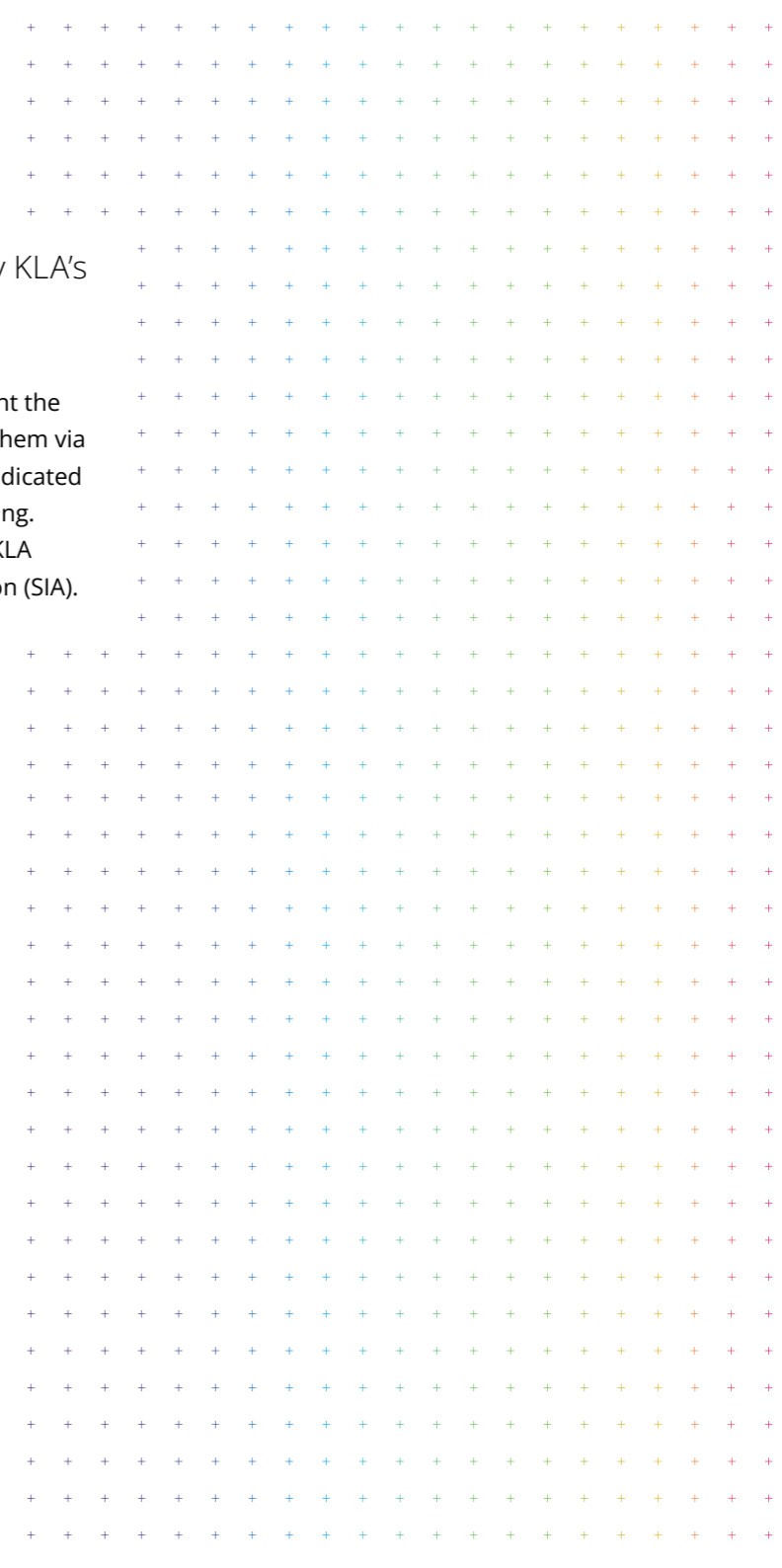
Keep Looking Ahead

NEXT STEPS IN 2024 AND BEYOND

Expanding our Ethics Liaison Network:
In 2024, we plan to seek additional nominees who will serve as ethics liaisons, provide training to new liaisons on their role, and address other enhancements that will improve our ethics and compliance program.

Surveying KLA ethics and compliance: In 2024, KLA will conduct our biennial ethical culture survey in partnership with Ethisphere to obtain updated feedback from our employees on topics including their awareness of KLA's ethics and compliance programs, their perception of the Ethics and Compliance function and of KLA's leadership, and their comfort level in reporting perceived misconduct.

Preparing for ESG governance and reporting standards: KLA is closely monitoring legislative and regulatory activity related to the development of ESG governance and reporting standards in several jurisdictions globally, including those being promulgated in the European Union and by the U.S. Securities and Exchange Commission (SEC). We continue to take a proactive approach to global legislative and regulatory activity and growing shareholder expectations around ESG reporting by advancing our disclosures in accordance with best practices in voluntary reporting frameworks including CDP and the Global Reporting Initiative (GRI), which are being considered in the development of emerging standards and regulations.

Conducting new risk reviews:
We will continue our ongoing risk reviews of KLA's legal entities. In 2024, we will conduct reviews in Belgium, China, France, Italy and South Korea.

APPENDIX

GRI and SASB Index

Standard	Disclosure	Description	Location/Response
General Disclosures			
Organization and Its Reporting Practices			
GRI 2-1	Legal name		KLA Corporation (KLA 2023 Annual Report, PDF page 11)
GRI 2-1	Nature of ownership		KLA 2023 Annual Report, PDF page 17
GRI 2-1	Location of headquarters		Milpitas, California (KLA 2023 Annual Report, PDF page 11)
GRI 2-1	Countries of operation		18 regions
GRI 2-2	All entities included in sustainability reporting		KLA 2023 Annual Report, PDF page 17
GRI 2-3	Reporting period, frequency of sustainability reporting, and contract point for report questions		January 1 2023 - December 31 2023 Annual ESG@kla.com
GRI 2-4	Restatements of information from previous reporting periods with explanations		KLA 2023 Global Impact Report, Climate and Energy, Materials and Waste, Water Management
GRI 2-5	External assurance		Our Scope 1, 2 and 3 greenhouse gas (GHG) data are subject to third-party verification to a limited level of assurance.

Standard	Disclosure	Description	Location/Response
General Disclosures			
Activities and Workers			
	GRI 2-6	Sector(s) in which it is active	KLA 2023 Global Impact Report, About KLA
	GRI 2-6	Activities, products, services and markets served	KLA 2023 Annual Report, PDF pages 17-26
	GRI 2-6	Description of supply chain, downstream entities and relevant business relationships	KLA 2023 Annual Report, PDF pages 24-26
	GRI 2-6	Significant changes to the organization and its supply chain	KLA 2023 Annual Report, PDF page 17
	GRI 2-7	Total number of employees and a breakdown of this total by gender and by region	KLA 2023 Global Impact Report, Talent KLA 2023 Annual Report, PDF page 28
	GRI 2-7	Full-time employees, and a breakdown by gender and by region	KLA 2023 Global Impact Report, Talent KLA 2023 Annual Report, PDF page 28
	GRI 2-7	Methodologies and assumptions used	KLA 2023 Global Impact Report, Talent KLA 2023 Annual Report, PDF page 28
	GRI 2-7	Fluctuations between reporting periods	KLA 2023 Global Impact Report, Talent KLA 2023 Annual Report, PDF page 28

Standard	Disclosure	Description	Location/Response
General Disclosures			
Governance			
	GRI 2-9	Governance structure and composition	KLA 2023 Global Impact Report, Corporate Governance and ESG KLA 2023 Proxy Statement, PDF pages 11-15
	GRI 2-10	Nomination and selection of the highest governance body	KLA 2023 Proxy Statement, PDF page 10
	GRI 2-11	Chair of the highest governance body	KLA Corporate Governance Standards, 11/4/2021, page 2
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	KLA 2023 Global Impact Report, Corporate Governance and ESG KLA 2024 CDP Report
	GRI 2-13	Delegation of responsibility for managing impacts	KLA 2023 Global Impact Report, Corporate Governance and ESG
	GRI 2-14	Role of the highest governance body in sustainability reporting	The Nominating and Governance Committee of the Board is involved in the formal review and approval of the company's sustainability report.
	GRI 2-15	Conflicts of interest	KLA 2023 Global Impact Report, Business Ethics and Compliance KLA Standards of Business Conduct, PDF page 14 KLA 2023 Proxy Statement, PDF page 29
	GRI 2-16	Communication of critical concerns	KLA Standards of Business Conduct, PDF page 37

Standard	Disclosure	Description	Location/Response
	GRI 2-19	Remuneration policies	KLA 2023 Proxy Statement, PDF page 45-63
	GRI 2-20	Process to determine remuneration	KLA 2023 Proxy Statement, PDF page 45-64
	GRI 2-21	Annual total compensation ratio	KLA 2023 Proxy Statement, PDF page 79

Strategy, Policies and Practices

Standard	Disclosure	Description	Location/Response
	GRI 2-22	Statement on sustainable development strategy	KLA 2023 Global Impact Report, CEO Letter
	GRI 2-23	Policy commitments	KLA 2023 Global Impact Report, Corporate Governance and ESG KLA 2023 Annual report, PDF pg 26-31 KLA Global Human Rights Standards
	GRI 2-24	Embedding policy commitments	KLA 2023 Global Impact Report, Responsible Sourcing
	GRI 2-26	Mechanisms for seeking advice and raising concerns	KLA 2023 Global Impact Report, Business Ethics and Compliance KLA Standards of Business Conduct Supplier Standards of Business Conduct
	GRI 2-27	Compliance with laws and regulations	Over the past five years, KLA has not had any significant environmental fines or penalties. KLA 2023 Annual report, PDF pg 26
	GRI 2-28	Membership associations	KLA 2023 Global Impact Report, Stakeholder Engagement and Collaboration KLA 2023 Global Impact Report, Responsible Sourcing

Standard	Disclosure	Description	Location/Response
	Stakeholder Engagement		
	GRI 2-29	Approach to stakeholder engagement	KLA 2023 Global Impact Report, Stakeholder Engagement and Collaboration
	GRI 2-30	Collective bargaining agreements	KLA 2023 Annual Report, PDF pages 27-28

Material Topics

	Materiality Assessment		
	GRI 3-1	Process to determine material topics	KLA 2023 Global Impact Report, ESG Materiality Assessment
	GRI 3-2	List of material topics	KLA 2023 Global Impact Report, ESG Materiality Assessment

GRI Topic Standards and Disclosures

	Business Ethics and Compliance		
	GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Business Ethics and Compliance KLA Standards of Business Conduct
	GRI 205-2	Communication and training about anti-corruption policies and procedures	KLA 2023 Global Impact Report, Business Ethics and Compliance
	GRI 205-3	Confirmed incidents of corruption and actions taken	KLA 2023 Global Impact Report, Business Ethics and Compliance

Standard	Disclosure	Description	Location/Response
Materials and Waste			
GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Materials and Waste KLA Water and Waste Policy	
GRI 306-2	Management of significant waste-related impacts	KLA 2023 Global Impact Report, Materials and Waste	
GRI 306-3	Waste generated	KLA 2023 Global Impact Report, Materials and Waste	
GRI 306-4	Waste diverted from disposal	KLA 2023 Global Impact Report, Materials and Waste	
Climate and Energy			
GRI 3-3	Management of material topics	The manufacturing process for KLA products is relatively energy-intensive, which directly impacts the greenhouse gas emissions from our operations. To do our part to curb the impacts of climate change, KLA is taking a close look at the company's energy use and greenhouse gas emissions from our own operations, as well as impacts from our products in their use-phase. We also recognize that the earth is already experiencing some of the impacts of climate change, and it is important for KLA to understand the related physical and transitional risks to best protect our employees, facilities and ability to deliver on our commitments. KLA 2023 Global Impact Report, Climate and Energy	
GRI 302-1	Energy consumption within the organization	KLA 2023 Global Impact Report, Climate and Energy	
GRI 302-4	Reduction of energy consumption	KLA 2023 Global Impact Report, Climate and Energy	
SASB: TC-SC-130a.1	Total energy consumed	In 2023, KLA consumed 238,638 MWh of energy, which includes both electricity and fuel consumption.	

Standard	Disclosure	Description	Location/Response
	SASB: TC-SC-130a.1	Percentage of energy consumed from grid electricity	In 2023, 96% of our total energy consumption was from grid electricity.
	GRI 305-1 SASB TC-SC-110a.1	Direct (Scope 1) GHG emissions	KLA 2023 Global Impact Report, Climate and Energy
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	KLA 2023 Global Impact Report, Climate and Energy
	GRI 305-3	Other indirect (Scope 3) GHG emissions	KLA 2023 Global Impact Report, Climate and Energy
	GRI 305-4	GHG emissions intensity	KLA 2023 Global Impact Report, Climate and Energy
	GRI 305-5	Reduction of GHG emissions	KLA 2023 Global Impact Report, Climate and Energy
	SASB: TC-SC-110a.1	Amount of total emissions from perfluorinated compounds	KLA does not utilize perfluorinated compounds in its operations, with the exception of one site in Newport, Wales, U.K. KLA assesses the process gases at the Newport site but excludes them from the GHG accounting due to the high destruction efficiency rate (99.99%) of these gases by onsite technology.
	SASB: TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	KLA 2023 Global Impact Report, Climate and Energy
Water Management			
	GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Water Management KLA Water and Waste Policy
	GRI-303-3 SASB: TC-SC-140a.1	Water withdrawal	KLA 2023 Global Impact Report, Water Management

Standard	Disclosure	Description	Location/Response
Talent			
GRI 3-3	Management of material topics		KLA 2023 Global Impact Report, Talent
GRI 401-1	New employee hires and employee turnover		KLA 2023 Annual Report, PDF page 27-28
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		KLA 2023 Annual Report, PDF page 27-28 KLA Careers
GRI 404-1	Average hours of training per year per employee		KLA 2023 Global Impact Report, Talent
GRI 404-2	Programs for upgrading employee skills and transition assistance programs		KLA 2023 Global Impact Report, Talent
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		>99% KLA 2023 Global Impact Report, Talent
SASB: TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore		KLA 2023 Annual Report, PDF page 27-28
Responsible Sourcing			
GRI 3-3	Management of material topics		KLA 2023 Global Impact Report, Responsible Sourcing

Standard	Disclosure	Description	Location/Response
Health, Safety and Well-being			
	GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Health, Safety and Well-being Environmental, Health and Safety Policy
	GRI 403 - 1	Occupational health and safety management system	KLA 2023 Global Impact Report, Health, Safety and Well-being
	GRI 403-2 SASB: TC-SC-320a.1	Hazard identification, risk assessment and incident investigation	KLA 2023 Global Impact Report, Health, Safety and Well-being
	GRI 403-5	Worker training on occupational health and safety	KLA 2023 Global Impact Report, Health, Safety and Well-being
	GRI 403-6	Promotion of worker health	KLA 2023 Global Impact Report, Health, Safety and Well-being
	GRI 403-8	Workers covered by an occupational health and safety management system	100% of our employees are covered by our safety programs.
	GRI 403-9	Work-related injuries	KLA 2023 Global Impact Report, Health, Safety and Well-being

KLA+

Standard	Disclosure	Description	Location/Response
Inclusion and Diversity			
	GRI 3-3	Management of material topics	KLA's chief inclusion and diversity officer and senior vice president (SVP) of talent management sets the direction of the company's inclusion and diversity (I&D) efforts. The chief inclusion and diversity officer and SVP of talent management reports quarterly to the Compensation Committee of the Board of Directors. KLA 2023 Global Impact Report, Inclusion
	GRI 405-1	Diversity of governance bodies and employees	KLA 2023 Global Impact Report, Inclusion KLA 2023 Annual Report, PDF page 28-29

Standard	Disclosure	Description	Location/Response
Product Stewardship and Innovation			
	GRI 3-3	Management of material topics	KLA's approach to managing innovation is overseen by the engineering leads of the different business areas based on product offering. Engineering leads communicate innovation plans, objectives and corresponding needs through an annual strategic planning process. One of the results of the strategic planning process is a balance scorecard which tracks the objectives set by the executive leadership team and functional leaders. The scorecard is used to ensure alignment in the direction of product development and accountability for accomplishing objectives. To encourage standardization across the organization, KLA has one product lifecycle process (PLC) which defines the steps for driving innovation, and subsequent product development and product lifetime management in the field. The PLC provides guidelines from cradle to grave, including the following stages of product/service development: concept, prototype, integration into tools, qualification for sale, rollout to customers and maintaining viability and affordability. The PLC outlines key performance indicators and considerations for our product teams to track as they move throughout the innovation and development process and requires executive sign-off for phase exit. KLA invests heavily in training opportunities for employees to encourage innovation and empower individuals to contribute to the development of next-generation technologies. KLA 2023 Global Impact Report, Product Stewardship and Innovation
	SASB: TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The majority of KLA products, by revenue, contain declarable substances.
	SASB: TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Omission statement: This metric is not relevant to KLA as the company does not produce semiconductors. However, KLA does enable chip makers to produce more efficient chips, and we also deploy much computing in KLA products themselves, and hence our products function with far greater relative energy efficiency as processor efficiencies improve.
	SASB: TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	KLA 2023 Global Impact Report, Product Stewardship and Innovation

Standard	Disclosure	Description	Location/Response
Community Engagement			
	GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Community Engagement
	GRI 413-1	Operations with local community engagement, impact assessments and development programs	KLA 2023 Global Impact Report, Community Engagement
Cybersecurity and IP Protection			
	GRI 3-3	Management of material topics	KLA 2023 Global Impact Report, Cybersecurity and IP Protection

TCFD Report

Governance

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

KLA is governed by a Board of Directors (the "Board"), established in accordance with applicable laws and our Corporate Governance Standards. The Board has three standing committees, each of which has specific oversight responsibilities for various aspects of KLA's business. Each committee is governed by a charter that defines its areas of responsibility. The three committees are: Audit Committee, Compensation and Talent Committee, and the Nominating and Governance Committee.

The Nominating and Governance Committee of the Board monitors our policies, programs and strategies related to environmental stewardship. The Nominating and Governance Committee meets at least once per quarter or more frequently, as deemed appropriate, and climate-related issues are a scheduled agenda item at least annually. The Committee reviews progress against our climate goals and receives updates on our ESG progress as a whole.

KLA's ESG Steering Committee, composed of senior leaders from across the global business, monitors climate-related risks and opportunities and oversees implementation of the company's ESG strategy and the company's overall ESG performance. The ESG Steering Committee prioritizes cross-functional programs that engage a broad range of internal and external stakeholders so that our ESG activities help support increased business integration. The global ESG leader provides updates to the Nominating and Governance Committee of the Board and reports to a member of the executive team to align on corporate ESG strategy and progress against KLA's goals.

KLA has developed short- and long-term ESG targets around emissions reduction, renewable energy use, and more. To encourage traction towards ongoing progress of these goals, KLA's global ESG leader may receive a monetary reward based on ESG-related criteria outlined in our ESG balanced scorecard. The global ESG leader is responsible for heading coordinated efforts to achieve goals such as KLA's 2030 target of reducing Scope 1 and 2 emissions by 50% and using 100% renewable electricity across our global operations by 2030. These efforts include identifying opportunities across our value chain to reduce environmental impact, sharing progress in our annual Global Impact Report (GIR), and communicating progress internally.

ESG Governance at KLA

Chief Executive Officer

Executive Team

Global ESG Leader

ESG Team

Board of Directors

Audit Committee

Nominating and Governance Committee

Compensation and Talent Committee

ESG Steering Committee

Advancing Leadership
- Corporate Governance and ESG
- Business Ethics and Compliance

Advancing Opportunity
- Talent Development
- Inclusion and Diversity
- Human/Labor Rights
- Community Engagement
- Health, Safety and Well-being

Advancing Innovation
- Product Stewardship and Innovation
- Cybersecurity and IP Protection
- Responsible Sourcing

Advancing Stewardship
- Climate and Energy
- Materials and Waste
- Water Management

Global Impact Report 2023
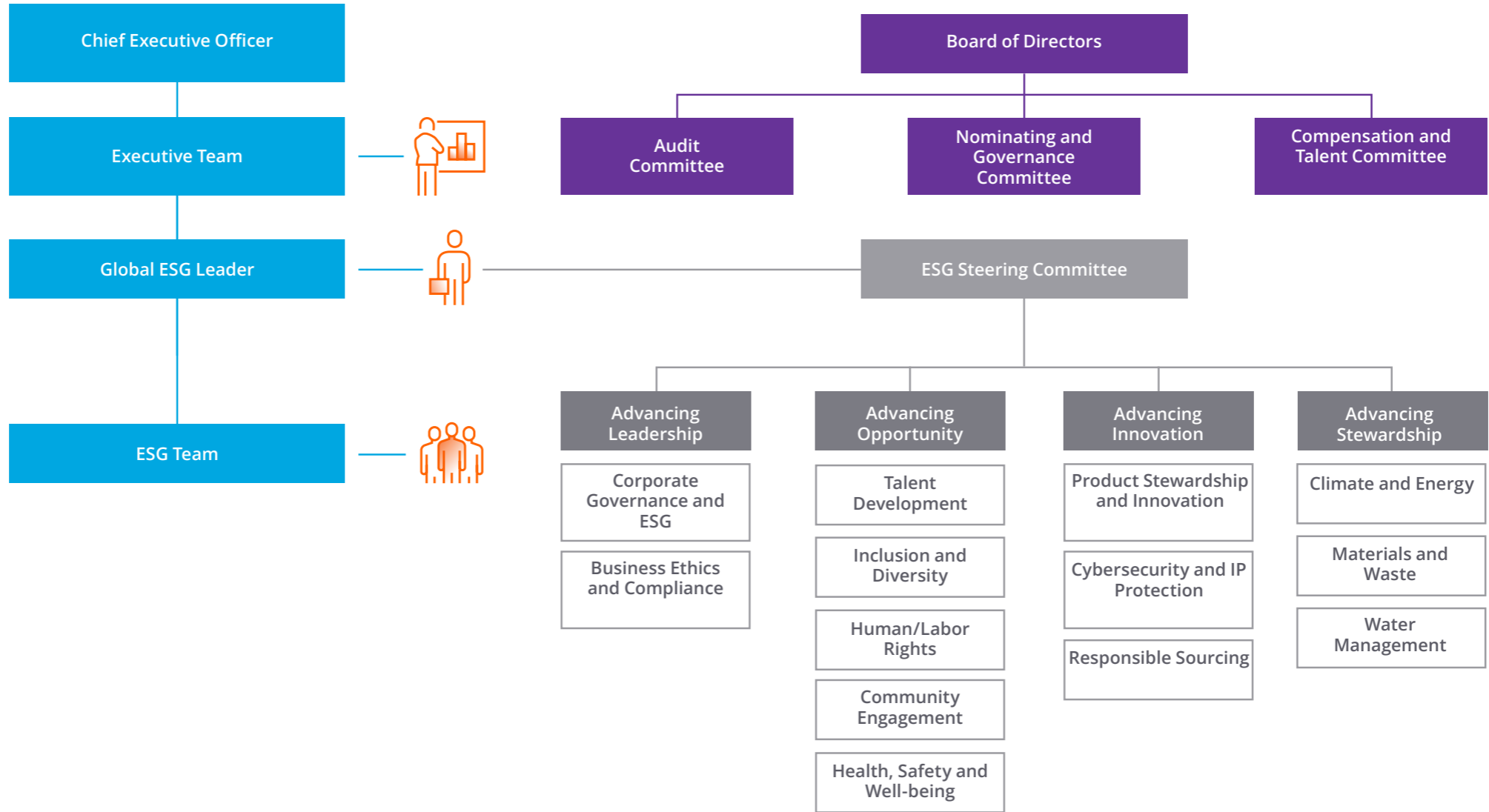
Strategy

KLA recognizes the importance of identifying and assessing the impacts of climate-related risks and opportunities over the short, medium, and long term. We evaluate both transition and physical climate-related risks to determine the relative importance of each climate-related risk. Transition risks are associated with the transition to a low-carbon global economy and include the assessment of current and emerging regulatory, technology, legal, market, and reputational risks. Physical risks come from the impacts of climate change. They can be short-term events such as extreme weather events and more long-term changes in weather patterns.

We consider climate-related risks and opportunities over the short-term (0-2 year), medium-term (2-10 years) and long-term (10-30 years) time horizons. Through a Climate Risk Assessment in conjunction with a third-party, KLA has identified a range of potential physical and transition risks, as well as opportunities that we are assessing annually for potential developments that would make them substantive to our business. Our 2023 Climate Risk Assessment did not identify any climate-related risks and opportunities that we currently anticipate having a substantive impact on our business.

In 2023, KLA conducted a physical risk scenario analysis to evaluate our business resilience to potential future climate impacts. The analysis evaluated eight climate hazards at our global Super Sites:[1]

- **Extreme heat**
- **Riverine flooding**
- **Heavy precipitation**
- **Coastal flooding**
- **Wildfire**
- **Drought**
- **Cyclones/hurricanes**
- **Water stress**

These hazards were modeled across three climate scenarios: SSP1-2.6, SSP2-4.5 and SSP5-8.5 for 2030 and 2050. The selected scenarios detail a range of plausible future climate outcomes and help KLA evaluate the range of potential impacts on the business. In alignment with the latest climate science from the Intergovernmental Panel on Climate Change's AR6 report, the SSP scenarios were selected as they are reputable and widely used.

[1]A "Super Site" is defined as any R&D, manufacturing (including cleanroom) or office (including sales support) space that has a floor area greater than 40,000 square feet.

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Scenario analysis parameters

Scenario	Description	Temperature	Time Horizon	Rationale
SSP1 - 2.6	Depicts a future in which the world shifts gradually towards a more sustainable path where there are low challenges to mitigate and adapt to climate change. Emissions in this scenario are low, keeping the world below 2^{0}C warming.	Below 2^{0}C by 2100	2030 and 2050	This scenario was selected because it depicts a reasonably best-case scenario for physical risks.
SSP2 - 4.5	Depicts a "middle of the road" future in which there are medium challenges to mitigate climate change and adapt to increasingly degrading environmental systems. Emissions in this scenario are moderate, putting the world on a path of 2-4^{0}C warming.	2-4^{0}C by 2100		This scenario was selected because it depicts a reasonably likely future given announced emissions reduction commitments (e.g., NDCs).
SSP5 - 8.5	Depicts a future in which there is intensive use of fossil fuel resources, creating high challenges to mitigate climate change. Emissions in this scenario are high, putting the world on a path of 4^{0}C warming or higher.	Above 4^{0}C by 2100		This scenario was selected because it depicts a reasonably worst-case scenario to inform strategy if climate change is not mitigated in time.

Scenario analysis results

The following key findings apply for the SSP5-8.5 scenario:

- KLA Super Sites have very low potential exposure to coastal flooding under all the time horizons considered.

- Historically, KLA Super Sites located in South-East Asia have had a moderate to high exposure to cyclones. This trend could continue and worsen into the future in a high warming scenario.

- Historically, KLA Super Sites had a very low exposure to drought but models project that this may increase to moderate levels for some sites.

- Extreme heat is projected to increase overall, with higher increases likely in the long term.

- Super Sites in East Asia have historically been exposed to heavy precipitation, and an increase is projected by climate models in the future under a high warming scenario.

- Wildfire conditions are likely to increase in Western United States in the shorter-term.

- Super Sites in the Eastern United States and Central Europe are in regions that have been more exposed to riverine flooding historically and may likely continue to be exposed to riverine flooding into the future, according to climate models.

- Some KLA Super Sites may face increased exposure to water stress in the future.

Risk management

KLA undergoes a climate risk and opportunity assessment guided by the framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) which is updated annually and covers short-, medium-, and long-term risks and opportunities across the full value chain (direct operations, upstream, and downstream). The assessment process is described as follows:

Identifying

In 2023, we conducted our third climate risk and opportunity assessment that included physical and transition risks and opportunities across the company and value chain. In 2021, for our inaugural assessment we identified relevant TCFD-recommended climate-related risks and opportunities through research and stakeholder engagement. Key senior leaders and subject matter experts were engaged to assess relevance to the business and prioritize them based on potential impact, likelihood, and vulnerability ratings. In 2023, we did not identify any climate-related risks or opportunities that we currently anticipate having a substantive impact on the business. Moving forward, the information gathered during this annual assessment process will continue to be used to inform potential adjustments to our company strategy and management plans.

Assessing

In our direct operations, we considered how the physical risks such as extreme weather events could impact our manufacturing and critical R&D sites and enterprise IT systems. In our upstream operations, we considered how physical risks could negatively impact our supply chain operations. In our downstream operations, we considered physical risks such as increasing frequency and severity of extreme weather events which could negatively impact our customer operations. We considered market-related transition risks and downstream opportunities such as innovation to enhance the efficiency of existing and/or new products to support customer climate goals and enhance KLA's value proposition and customer satisfaction.

Responding

Key senior leaders across our business operations – including Real Estate, IT, Supply Chain, Product and Corporate/Legal – and subject matter experts were engaged to assess the relevance of climate-related risks and opportunities to the business and prioritize them. The input provided by these stakeholders through surveys led by a third-party consultant provided input of the magnitude of impact and the ability of the business to control and mitigate risks and capitalize on opportunities. Results were reported to the ESG Steering Committee. Outputs are used to inform potential adjustments to our company strategy and management plans, including leveraging opportunities to enhance our operational business continuity plans for resiliency, reduce resource use, and support our transition to a low-carbon economy. In our upstream operations, outputs inform our supply chain strategy and management plans. In downstream operations, these outputs inform our ESG strategy and management plans, including leveraging opportunities to: develop a better understanding of our products' energy consumption during use, integrate energy efficiency considerations into product development processes, and evaluate future climate goals addressing Scope 3 emissions.

Within our Environmental Management System, we have a risk register which assesses physical risks and opportunities across our global operations. Risks and opportunities are part of our ISO 14001 facility-level certification process and evaluated using a 1/2/3 rating scale outlined in our Environmental Health and Safety framework. As part of our ISO certification, these risks are evaluated annually and cover a two-year time horizon with goals established every two years and reported on twice annually. For risks that are deemed significant, the EHS Director creates an environmental management plan which is tracked quarterly. In our streams of operations, we considered the physical risks such as increasing frequency and severity of extreme weather events, and transitions risks impacting various aspects of operations. We have business continuity plans in place to maintain the continuity and resilience of our operations in the event of extreme weather.

Metrics and Targets

We have established climate-related goals and continue to assess opportunities to align our efforts with the latest climate science. In 2023, we submitted our climate goals to the Science Based Targets initiative (SBTi), including a quantifiable Scope 3 reduction target alongside our existing 2030 Scope 1 and Scope 2 emissions goals. In 2024, our near-term, science-based targets were approved by SBTi.

Below are our SBTi approved near-term science-based targets:
- Reduce absolute Scope 1 and 2 emissions by 50% by 2030 from our 2021 baseline
- Reduce Scope 3 GHG emissions from the use of sold products 52% per billion transistors inspected, measured, or processed within the same timeframe

In addition, we have established the following climate-related goals:
- Achieve net-zero Scope 1 and Scope 2 emissions by 2050
- Use 100% renewable electricity across our global operations by 2030
- Report climate-related governance, strategy, risk management, metrics and targets to our stakeholders annually, following recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

We began measuring our scope 1, 2 and 3 GHG footprint for calendar year 2019 and have continued to improve our process and methodology ever since. Our GHG inventory is designed to align with the requirements of the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol and is conducted on a calendar year cycle.

KLA Scope 1 and 2 Market-Based GHG Emissions

	2021	2022	2023
Total Emissions (MT CO2e)	48,321	44,919	42,814
Scope 1 Emissions (%)	9.7%	17.7%	17.6%
Scope 2 Emissions (%)	90.3%	82.3%	82.4%

KLA Scope 3 GHG Emissions

	2021[2]	2022[2]	2023
Total Scope 3 Emissions (Million MT CO2e)	3.25	4.23	3.48
Use of Sold Products Emissions (%)	75%	75%	74%
Purchased Goods and Services Emissions (%)	20%	18%	19%
Emissions From All Other Categories (%)	5%	6%[1]	8%[1]

[1]Due to rounding, subtotals may not sum to 100%.

[2]Scope 3 emissions have been restated for 2021 and 2022 as described in the Methodology Updates.

We completed third-party verification of our 2023 GHG inventory for Scope 1, Scope 2 (including renewable energy progress) and the following Scope 3 categories, to a limited level of assurance:

- **Purchased goods and services**
- **Capital goods**
- **Fuel- and energy-related activities**

- **Upstream transportation and distribution**
- **Waste generated in operations**
- **Business travel**

- **Employee commuting**
- **Use of sold products**

VERIFICATION OPINION DECLARATION
GREENHOUSE GAS EMISSIONS AND ELECTRICITY CONSUMPTION

To: The Stakeholders of KLA Corporation

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

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

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

- Operational Control

- Worldwide

Types of GHGs: CO_2, N_2O, CH_4, HFCs, NF_3, SF_6, VOCs[1], HCFCs[1]

GHG Emissions and Electricity Consumption Statement:

- **Total Purchased Grid Electricity:** 228,402 MWh

- **Purchased Renewable Electricity:**

    o **Renewable Portion of Grid Purchased Renewable Electricity:** 82,288 MWh

    o **Energy Attribute Certificates (EACs) Retired:** 64,338 MWh

    o **Total Purchased Renewable Electricity (Grid Purchase + EACs):** 146,626 MWh

- **Total Percent Renewable Electricity:** 64.2%

- **Year-over-Year Change in Electricity Consumption (RY2022 to RY2023):** 14.8% increase

- **Year-over-Year Change in GHG Emissions (RY2022 to RY2023, Scope 1 + Scope 2 Market-Based):** 4.7% decrease

- **Scope 1:** 7,550 metric tons of CO_2 equivalent

- **Scope 2 (Location-Based):** 78,995 metric tons of CO_2 equivalent

- **Scope 2 (Market-Based):** 35,264 metric tons of CO_2 equivalent

- **Scope 3:**

    o **Purchased Goods and Services:** 644,952 metric tons of CO_2 equivalent

    o **Capital Goods:** 19,864 metric tons of CO_2 equivalent

    o **Fuel- and Energy-Related Activities (Market-Based):** 15,873 metric tons of CO_2 equivalent

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[1] VOCs and HCFCs are Montreal Protocol gasses which are included in Scope 1.

- o **Upstream Transportation and Distribution:** 125,497 metric tons of CO_2 equivalent

- o **Waste Generated in Operations (includes waste emission from 16 supersites where data is reported):** 428 metric tons of CO_2 equivalent

- o **Business Travel:** 89,460 metric tons of CO_2 equivalent

- o **Employee Commuting:** 17,234 metric tons of CO_2 equivalent

- o **Use of Sold Products (Lifetime Scope 2 GHG Emissions):** 2,566,092 metric tons of CO_2 equivalent

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

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

Period covered by GHG emissions verification:

- January 1, 2023 to December 31, 2023

Criteria against which verification conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2)

- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

- Internal Company Protocol: KLA Greenhouse Gas Inventory Management Plan v3.0 (Scope 1 GHGs, Renewable Electricity and Percent Renewable Electricity)

Reference Standard:

- ISO 14064-3 Second edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

- Electricity consumption was also verified using the principles and requirements of ISO 14064-3 as part of the verification process.

Level of Assurance and Qualifications:

- Limited

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

GHG Verification Methodology:

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of KLA and third-party associates;

- Review of documentary evidence produced by KLA and third-party associates;

- Review of KLA data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions and electricity consumption;

- Site visit to the KLA Wales Manufacturing Facility; and

- Audit of sample of data used by KLA to determine GHG emissions and electricity consumption.

Verification Opinion:

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

- is not materially correct and is not a fair representation of the GHG emissions and electricity consumption data and information; and

- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2) and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

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

Statement of independence, impartiality and competence

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

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

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

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

Attestation:

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

John Rohde, Technical Reviewer
ESG Principal Consultant
Apex Companies, LLC
Lakewood, Colorado

July 8, 2024

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

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Notes About This Report

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

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

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

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

Additionally, certain of the standards and metrics used, and the expectations and assumptions they are based on, have been subject to certain internal and third-party verification procedures. However, certain disclosures may be based on assumptions or estimates due to inherent measurement uncertainties. Standards and metrics used in preparing this report, including any underlying data used in preparing such metrics, continue to evolve and are based on expectations and assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. We expect methodologies, including regarding the calculation of greenhouse gas emissions and associated reductions, to continue to evolve and we cannot guarantee that our approach will align with the preferences of any particular stakeholder.

Moreover, our disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control. We cannot guarantee that our statements or underlying methodologies may align with the expectations of any particular stakeholder. In addition, diversity, equity, and inclusion information is often reliant on third party self-reporting which may not be provided or may not be reported accurately.

We also refer you to those factors discussed in "Risk Factors" included in documents that we file from time to time with the SEC, including KLA's Annual Report on Form 10-K for the fiscal year ended June 30, 2024, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by all these factors. KLA Corporation assumes no obligation to, and does not currently intend to, update these forward-looking statements.

You should not place undue reliance on any forward-looking statement. We do not have, and expressly disclaim, any obligation to update or revise any forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. In KLA's ESG materiality assessment and throughout this report, use of the terms "material" and "materiality" is different than how these terms are used for the purpose of complying with any reporting requirements, including under U.S. federal securities laws. Given the uncertainties and assumptions required to make some of the disclosures in this report, and the timelines involved, materiality is inherently difficult to assess far in advance. Moreover, given the inherent uncertainty of the estimates, assumptions and timelines contained in this report, we may not be able to anticipate whether or the degree to which we will or will not be able to meet our plans, targets or goals in advance.

KLA+

Global Impact Report
2023