



# Standards of Business Conduct

Supplier, Agent and Non-Employee Worker Version



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# Introduction

## Honesty and Integrity: A KLA Core Value

KLA is committed to conducting business in compliance with all applicable standards, laws and regulations.

Although laws and customs vary from country to country and standards of ethics may vary in different business environments, the fundamental principles of honesty and integrity serve as the cornerstones of KLA's Standards of Business Conduct. By holding ourselves, our business partners, and each other to a higher set of values, we must place our values in action by asking questions, seeking guidance, reporting suspected violations, and expressing our concerns when it is our duty to do so.

# Our Code Of Conduct

## For Suppliers, Agents And Non-Employee Workers

### 1. THE WORKPLACE

Create an environment where fair employment practices are extended to all workers.

### 2. RELATIONSHIPS

Be Honest, Forthright and Consistent (HFC) in all of your KLA related business activities and relationships.

### 3. STEWARDSHIP

Protect and safeguard KLA's sensitive information which includes intellectual property and confidential information.

### 4. COMPLIANCE

Understand and comply with the laws, regulations and KLA policies relevant to your activities.

### 5. INDIVIDUAL VOICE

Create and sustain a culture where integrity and ethical conduct are exemplified by all workers.

# Your Commitment

We expect that you will read KLA's Standard of Business Conduct (Supplier, Agent, and Non-Employee Worker version), and understand that KLA suppliers, agents, and non-employee workers are required to adhere to the standards contained in it. Further, we expect you to raise questions, concerns, and possible violations of law or KLA standards or policies with your KLA relationship manager or through KLA's tip hotline. Finally, we expect that you will cooperate in the event of internal or external investigations of possible violations of laws or KLA standards or policies if requested to do so.

## Consequences For Violations

Suppliers, agents or non-employee workers who violate the spirit or letter of KLA's Standards of Business Conduct, KLA policies, or laws are subject to consequences, including suspension or termination of the business relationship.

# Work Environment

# 1. Work Environment

## Everyone has a right to work in a respectful and safe environment.

KLA expects employees, suppliers, agents, and non-employee workers to create and maintain safe, healthy and respectful working environments for all workers.

### Discrimination and harassment

Everyone has a responsibility to ensure that unlawful discrimination and harassment are not tolerated in the work environment or a part of any employment-related decisions. Some areas to be aware of in your actions and decisions:

- Recruitment, Training, Hiring
- Compensation
- Disciplining
- Promotion

### Workplace safety

KLA is committed to providing a safe, clean environment so that all workers can conduct business in an efficient and productive manner and we expect our suppliers, agents and non-employee workers to do the same.

### Privacy and Confidentiality

KLA respects the privacy rights of individuals and will use, maintain and transfer personal data that we collect in accordance with applicable global data privacy laws and company policies. Individuals who have access to the personal data of others are required to prevent the unauthorized use or transfer of this information, and to access it only as necessary to perform their job responsibilities. Please check with the Legal and Compliance Organization if you have any questions regarding the legality of specific transfers for personal information by contacting [privacy@KLA.com](mailto:privacy@KLA.com).

### What you should do

If you would like to report a discrimination or harassment issue or an unsafe condition at a KLA facility, please report the matter to your KLA relationship manager or make a report using KLA's tip hotline.

# Relationships

## 2. Conflicts Of Interest

### Always disclose potential conflicts of interest.

By upholding the value of being honest, forthright and consistent (HFC), we set a clear ethical precedent and avoid situations that may conflict with the interests of KLA. A conflict of interest can occur when your personal interests interfere in any way, or even appear to interfere, with your ability to make an objective decision on behalf of KLA. Disclose potential conflicts of interest and get the necessary approvals.

### What are potential conflicts of interests?

#### **Gifts/Entertainment/Things of Value**

Accepting (directly or indirectly) anything of value from a competitor, supplier, customer, distributor or similar business on behalf of KLA—particularly where the purpose of the gift is (or could appear to be) to improperly influence a business decision or relationship.

#### **Competition with KLA**

Competing with KLA by providing services, purchasing or selling any property or diverting from KLA any business opportunity in which KLA has or is likely to have an interest.

#### **Use of KLA Assets**

Using KLA's monies, facilities, know how or personnel for any other business or personal endeavors.

### What you should do

Disclose potential Conflicts of Interest to your employer or your KLA relationship manager so the company can determine whether an activity creates an actual conflict of interest, an appearance of a conflict of interest or does not create a conflict concern for KLA. In the case of gifts, entertainment or other items or value, disclose anything you receive that is not nominal in value to your employer, your KLA relationship manager or the Legal and Compliance Organization.

# 3. Bribery And Corruption Laws

## Never bribe or make illegal payments to anyone.

Giving gifts, entertainment or making payments to anyone must never be done with the intention of gaining a business advantage of any kind. Interactions with government officials require special attention due to the severe consequences for violations of the US Foreign Corrupt Practices Act or UK Bribery Act. You are required to understand what you can and cannot do.

*Do not give or accept bribes or participate in any form of corruption anywhere in the world.*

### Examples of Government Officials

- Any employee of a government or government agency
- Any employee of a state-owned enterprise or state consortium
- Any member of a non-U.S. political party
- Any employee of a public international organization

## Dealing with government officials

- You must never make any payment or provide any item of value (including gifts, entertainment, promises or offers to provide anything of value)
  - Directly or indirectly;
    - For the purpose of obtaining or retaining business or securing an improper advantage;
    - Anywhere in the world

## Additional requirements

- You must not use a third party or intermediary to circumvent bribery or corruption laws.
- All KLA sponsored gifts, expenditures and payments to any entities (not just government officials and political parties or candidates) must be properly and fully recorded in your employer's books and records and be available for audit and review as required.

# 4. Gifts, Entertainment And Other Payments

## Make sure gift giving and receiving are approved.

Gifts, entertainment, or payments to commercial parties is risky business and can compromise KLA's integrity and reputation. Some exchanges are common business courtesies. Any other activities are more uncertain and are to be avoided in daily business operations.

*Gifts, entertainment or payments to commercial parties can also be a risk—remember this in your business dealings.*

## Giving gifts and providing entertainment when representing KLA

**YES** Common business courtesies—such as providing an occasional, inexpensive business meal or non-monetary gifts of minimal value—are acceptable.

**NO** Providing items of value that would influence—or appear to influence—the business relationship between KLA and the recipient are not acceptable.

**NO** Providing items of value that would influence—or appear to influence—the business relationship between you and your KLA relationship manager.

## What you should do

### Full Disclosure

- Always disclose anything you are given that is designed to influence a business decision.
- Tell your relationship manager or the KLA Legal and Compliance team if you receive a request for anything of value in exchange for business consideration.

# Stewardship

# 5. Financial Records, Accounting Practices and Applicable Laws

## The accuracy and integrity of company records is essential.

KLA requires that all transactions are properly recorded in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and all applicable laws and regulations.

Records must be accurate and honest and represent the facts. Never present information to KLA that intentionally misleads, misrepresents, misinforms, omits or disguises the true nature of any transaction or result.

KLA strictly complies with the tax laws issued by the U.S. state and federal government as well as any foreign authorities. These laws may require the reporting of financial information, payment of taxes, filing of tax returns and withholding or collecting of necessary taxes.

*Never mislead, misrepresent, omit or disguise the true nature of a transaction or result.*

## What you should do

Full cooperation with KLA's independent and internal auditors is expected, and you should quickly report any suspected violations or concerns to your KLA relationship manager or through the confidential KLA tip hotline.

# 6. Protecting Sensitive And Confidential Information

Information is our business.

## Proprietary and Classified Information

You are bound by the terms of your agreement(s) between KLA and you or your company regarding the protection of intellectual property and confidential information and must follow KLA's policies and procedures on the protection of KLA Proprietary Information.

*Protecting KLA and our third party information is just as important as protecting your own information.*

## What is Sensitive Information?

"Information that is developed, created, or discovered by the Company, by you on behalf of the Company, or that becomes known by or is conveyed to the Company or you on behalf of the Company, and that has commercial value in the Company's business." You must protect KLA and its third party sensitive information as well as you protect your own sensitive and confidential information.

### Examples of Sensitive Information

Trade secrets	Ideas	Algorithms	Product installation
Business processes	Techniques	Flowcharts	Marketing plans
Business plans	Know-how	Processes	Pricing
Product or process documentation	Inventions (whether patentable or not)	Research	Customers
Output of proprietary programs or methods	Designs	Manufacturing or testing methods	Employee Salaries and Compensation information
Source and object code	Toolings	Service or diagnostic procedures	Costs or other Financial data
	Schematics		

## Things to remember

- Ensure there is a signed Nondisclosure Agreement in place between you and KLA before receiving proprietary or confidential information.
- Protect all KLA sensitive and confidential materials. Label documents and other files with the appropriate data classification at the time you create them. Please refer to Need-to-Know data classification standards for more information.
- Only disclose proprietary or confidential information to people who have a genuine need to know such information.
- Never post or share proprietary or confidential information in internal discussion groups, chat rooms, bulletin boards and/or other electronic communications media.

## What you should do

If you have any questions about what constitutes proprietary or confidential information, please contact the KLA Legal department at [corporate.compliance@kla.com](mailto:corporate.compliance@kla.com) or your KLA relationship manager.

# 7. Business Activities And Assets

High standards of business are critical to success.

*Understand how export and import regulations apply—the consequences of getting it wrong are far-reaching.*

## Importing and Exporting

Laws governing the import and export of KLA products must be complied with in order to maintain our international reputation, presence and customer base. If you are involved in importing products, follow the import requirements of all relevant government agencies. Any questions about the identity, value or duty due on imported products must be answered truthfully.

Laws governing the export of products, spare parts and technical data must also be followed. In addition, there may be cases in which you are required to obtain individual export authorizations for individuals who have access to controlled technology, software or information. If your job requires the exporting of products, you are responsible for screening customers and reviewing transactions to ensure KLA compliance. Violation of import or export laws, even if a violation is caused by you not knowing about or misunderstanding relevant laws and regulations, will have long-lasting damage on our global business.

Please direct any questions about import and export rules to the Global Trade Compliance group ([DL.TradeCompliance@KLA.com](mailto:DL.TradeCompliance@KLA.com)) or your KLA relationship manager.

## Use of Company Assets

If you ever use KLA telephones, voicemail, computers, internet, intranet, e-mail, fax or cell phones, it is important that you only use those assets for carrying out KLA business. Do not use Company assets for personal matters unless there is an urgent need.

Do not use KLA resources or assets for illegal purposes; to demean the Company's products and services; for personal gain, including non-KLA commercial activity; for the unauthorized distribution of Company or third-party proprietary, confidential, or non-public information or to threaten or harass others or in violation of any corporate policies.

# Compliance

# 8. Antitrust And Competition Laws

## Compete honestly and fairly in every market.

Get the facts first. Each of you is responsible for knowing anti-competitive activities and risks in the region where you do business.

KLA has achieved its position as a market leader by excelling and outperforming the competition, honestly and fairly. We seek competitive advantages through superior performance, not from illegal or unethical business practices.

Competition and trade practice laws exist to preserve a competitive economy in which free enterprise can flourish. As a company, we thrive as a vigorous competitor in this environment and are committed to conducting business in full compliance with these laws, in every jurisdiction in which we operate.

It's important we are aware of anti-competitive activities and risks and obtain sound legal advice before you act. Federal, state and international anti-competition laws are complex, and no summary can address every issue or situation that might arise. Yet, violation of these laws may result in severe penalties, including criminal penalties for your company, KLA and the individuals involved in the violation.

As a global company, our business activities are not only subject to U.S. competition laws, but to the laws and regulations that promote fair competition around the world. These laws apply to our business operations across marketing, procurement, contracting and mergers and acquisitions, and generally prohibit or restrict the following kinds of agreements (whether oral or written):

- To fix, coordinate or control prices
- To allocate or divide up customers, territories or markets
- To not compete against other market participants
- With competitors—with respect to price, profits, profit margins or the division or allocation of markets, territories or customers

*Be alert to anti-competitive activities and risks and obtain advice before you act.*

# 9. Securities Laws

## Be careful when trading in company stock.

At all times, it's crucial that we keep information within the Company.

All privileged information needs to stay within the KLA community in order to protect our integrity in the financial and regulatory industries.

*Do not disclose 'inside' information to anyone.*

### Insider Trading and Tipping

The U.S. federal securities laws, as well as the laws of many other countries, place limitations on the circumstances under which service providers and partners may trade in KLA's securities.

- Anyone in possession of material non-public information must never disclose that information to a person outside of KLA, other than as required in the course of performing defined duties.
- It is illegal for anyone to trade in KLA's securities while in the possession of material non-public information.
- These rules also apply to information you obtain about other companies in the conduct of your business for KLA—you may not trade in other companies' securities while in possession of such information.

### What you should do

Knowing the rules on insider trading is extremely important because anyone who violates the KLA Insider Trading Policy may be subject to legal proceedings. If you become aware of any suspected violations or have any concerns, please immediately contact the Legal and Compliance Organization or your KLA relationship manager.

# 10. Supplier Relations And Interactions

## Supplier selection and responsibility.

KLA actively seeks to foster business relationships with suppliers who offer goods and services that meet KLA's standards, supplier selection criteria and customer requirements. Our focus is to select partners that provide best in class quality, delivery, service and technology.

KLA is committed to promoting our Corporate Social Responsibility (CSR) programs within our internal operations and with our suppliers. As part of this commitment, and as a condition of our membership in the Responsible Business Alliance (RBA), we comply with the RBA Code of Conduct. KLA expects suppliers to also comply with the RBA Code of Conduct requirements and to communicate them to their next-tier suppliers.

*KLA expects its suppliers to adhere to global principles of human rights.*

# 11. Government Relations And Interactions

## Special considerations and care always apply.

Knowing the rules of engagement with government officials will help understand the special consideration these relationships require.

Dealing with government and government officials is different than dealing with other private sector customers and partners. These relationships always receive special consideration and care, especially when it involves the giving or receiving of gifts and entertainment or making payments. Thus, it's important to understand the ins and outs of the "bribery and corruption laws" in Section 3.

*Whenever dealing with government, it is essential to understand what you can and cannot do.*

## Government contracts

There are certain instances where KLA enters into a product, service or development contract with the United States government or other international governments, government agencies and government contractors. These contracts may be subject to special regulations and requirements. In the United States, as well as in other countries, a number of laws have been enacted to ensure the truth of any representations made to government agencies and to ensure the quality of goods and services provided to the government. They require that our business conforms to stipulated pricing, contracting and certification requirements, and there may be times when KLA is required to certify that it is providing the lowest commercial price and that such price has been determined independently.

If you are involved in presenting quotes or offers in connection with U.S. contracts, there are also special requirements to avoid the restriction of competition.

## Political contributions

Generally, KLA's participation in political activities is through one or more trade associations; however, we do not make political contributions or expenditures of KLA funds to any person to attempt to influence a government officer or employee in connection with a government contract, grant, loan or cooperative agreement directly.

Individual Voice

# 12. Responsibilities And Reporting

## Put HFC into practice.

We all have the responsibility to report any behavior that violate our Standards of Business Conduct (SoBC). You are encouraged to ask questions, seek guidance, report suspected violations and express any concerns about compliance.

You can do this in a variety of ways, even anonymously if you prefer:

- Discuss the matter with your KLA relationship manager or KLA's Legal and Compliance Organization
- File a report on the KLA tip hotline, a confidential online reporting tool: [www.kla.ethicspoint.com](http://www.kla.ethicspoint.com).
- Call the KLA tip hotline toll-free to speak to someone confidentially. Call **888.278.3169** if you are located within the United States or Canada. If you are located elsewhere, refer to the International Dialing Instructions.

If you do choose to make a report anonymously, please keep in mind that the more detailed information you provide, the better the investigation will be. Reporters therefore are encouraged to provide as much detail as possible, including location, dates, and the identity of other people with information when reporting matters to KLA.

KLA will not tolerate retaliation against anyone who makes a good faith report of a suspected violation of our SoBC as described in the Anti-Retaliation Policy. The Company will investigate reported allegations of illegal or unethical behavior to the extent the information provided by the report allows. Confidentiality will be maintained to the greatest extent possible, consistent with performing a reasonable investigation. In certain cases, information may be shared with local law enforcement or other authorities to comply with legal requirements or to protect KLA's legal interests. The person reported to have engaged in improper behavior will be notified if required by law. KLA, however, will not provide the accused with the name of the reporting individual unless required to do so by law.

The data collected and processed (which may include personal information relating to the accused, witnesses and the reporter) will be treated consistent with local data protection laws.

Failure to comply with KLA's Standards of Business Conduct, KLA policies, or laws are subject to consequences, including suspension or termination of the business relationship with KLA.