



Global Impact Report

2021



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CEO Message

Continuous innovation for the greater good

KLA technologies address complex global challenges with the goal of making a meaningful impact on our world. While responding to unprecedented demand for our products in 2021, we remained steadfast in our commitment to fulfill our mission of being positive stewards and living our values.

I am proud to share the progress of our Environmental, Social and Governance journey in the 2021 KLA Global Impact Report—a testament to KLA’s dedication to continuous innovation and a summary of the strides we have made in just one year. In 2021, we updated and improved our greenhouse gas (GHG) inventory baseline and achieved limited third-party verification of our inventory and renewable energy use, equipping us with the data and tools to set robust emissions reduction targets. We announced a new goal to transition our operations to 100% renewable electricity by 2030. As we share our 2021 results, we are also announcing a new target to reduce Scope 1 and 2 emissions by 50% by 2030 from our 2021 baseline and a target to achieve net zero Scope 1 and 2 emissions by 2050. The Scope 1 and 2 reduction goal is informed by the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard. In addition, we currently plan to provide an update regarding our Scope 3 strategy by the end of 2023.

At KLA, our people drive our success, and we celebrate the diversity of backgrounds and experiences that all employees bring to the table. That’s why we continued to strengthen our engagement on Inclusion and Diversity (I&D). We expanded our Employee Resource Groups to engage employees in service of our I&D goals and instituted tools to help eliminate unconscious bias from our recruiting and performance review processes. We also rolled out our Values in Action (VIA) training, which engaged KLA leaders worldwide in important discussions on inclusive and ethical leadership. We continued to champion heritage months and cultural celebrations—bringing awareness and understanding around the diversity of all our employees.

Our social commitments benefit the communities where we live and work. In 2021, the KLA Foundation made a total of \$3.9 million in grants as we continue to leverage our time and funds to address the most pressing challenges that face our global communities. In 2021, the KLA Foundation donated \$550,000 to support COVID-19 relief in India, building upon our prior \$2 million contribution toward COVID-19 relief efforts. As we emerge from the global pandemic, we remain committed to the health, wellness and safety of our global KLA teams.

Our accomplishments in 2021 were made possible through the invaluable contributions of our global KLA team, who continue to raise the bar on what is possible through collaboration and innovation. I am proud of the progress you will find in the pages of this report and excited to share our work to sustainably and responsibly advance humanity.



Rick Wallace
President and Chief Executive Officer

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About this Report

This report outlines KLA's most pertinent environmental, social and governance (ESG) initiatives. We use it to share how we are managing and measuring progress against our ESG goals and stakeholder expectations.

Our report content was guided by our ESG materiality assessment completed in early 2021, which identified topics that are important to both our stakeholders and to

the sustainable growth of our business. When preparing this report, we considered recommended disclosures from the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) standard for the semiconductor industry and the Task Force on Climate-Related Financial Disclosures (TCFD). See the [Appendix](#) for more information.

The data in our Environment chapter are subject to internal and external audits as a part of our ISO 14001 Environmental Management System for our largest

facilities. Our Greenhouse Gas (GHG) data are subject to third-party verification to a limited level of assurance.

Some data have been rounded. Monetary figures are in United States Dollars (USD). Unless otherwise noted, the data in this report cover KLA's global operations for calendar year 2021.

For more information about this report or our ESG initiatives, please contact ESG@kla.com.

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About KLA

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

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

Within our primary area of focus, our comprehensive portfolio of inspection and metrology products and related

service, software and other offerings helps integrated circuit (IC or chip) manufacturers improve yield and efficiency throughout the entire semiconductor fabrication process—from research and development to final volume production. These products and offerings are designed to provide comprehensive solutions to help our customers accelerate their development and production ramp cycles, achieving higher and more stable semiconductor die yields, and improving their overall profitability.

KLA's products and services are used by the vast majority of bare wafer, IC, lithography reticle and disk manufacturers around the world.

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Business Snapshot as of December 31, 2021



19

global locations



12,400

employees



\$1B

invested in R&D in 2021, an
increase of 13.9% over 2020



\$8.2B

CY2021 revenue

2021 ESG Highlights

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People
<p>94/100 score from Responsible Business Alliance, demonstrating our commitment to human rights and safety across all areas</p>
<p>Top 10 Hall of Fame Member in <i>Training Magazine</i></p>
<p>4300 new employees from around the world participated in KLA INSIGHTS, a two-day employee engagement program with executive management</p>
<p>85% response rate on annual Employee Engagement Survey</p>
<p>\$3.9 million invested in 115 grants via the KLA Foundation grants program</p>
<p>\$1.6 million distributed in matching gifts to 151 organizations</p>
<p>Occupational Health and Safety Gold Medal Award received by Wales site from Royal Society for the Prevention of Accidents (RoSPA) for 9th year in a row</p>

Products & Supply Chain
<p>Measured product energy consumption using SEMI S23 guidelines to enhance estimate of Scope 3 Use of Sold Products emissions</p>
<p>Refined Supplier Inclusion & Diversity initiatives by expanding education efforts, increasing guidelines, and identifying goals and metrics</p>
<p>Launched Supplier Inclusion & Diversity webpage as a resource for suppliers and employees</p>

Environment
<p>100% renewable electricity goal across all operations by 2030</p>
<p>Climate risk and opportunity assessment aligned with the recommendations of TCFD</p>
<p>Third-party verification of GHG inventory* for Scopes 1 and 2, Scope 3 business travel, and our renewable energy progress</p>
<p>Green building and energy efficiency design incorporated into our second North American headquarters opened in Ann Arbor, Michigan</p>
<p>94% of waste diverted at Milpitas global headquarters</p>
<p>*Please see the Verification Statement in the Appendix for details on limited third-party verification</p>

Governance & Ethics
<p>Trained all employees on KLA's Standards of Business Conduct</p>
<p>Annual Compliance Disclosure process initiated with 2400 employees to monitor compliance with KLA Standards of Business Conduct</p>
<p>Cybersecurity strategic initiatives focused on three key areas: ransomware, cyber exercises and compliance</p>

Our ESG Strategy

We take a holistic approach to advancing ESG practices across our business, industry and products and services. Our approach to ESG focuses on four pillars—Advancing

Leadership, Advancing Opportunity, Advancing Innovation and Advancing Stewardship. Within each of these pillars, we have defined strategic focus areas and objectives to move our journey forward over the next decade and continue to integrate ESG within our operations and value chain.

We focus our investments on activities and initiatives that align with these strategic focus areas to maximize the impact of our efforts. We are also committed to the [United Nations Sustainable Development Goals \(UN SDGs\)](#) and have outlined below how our ESG strategy helps contribute to a more sustainable future for all by 2030.

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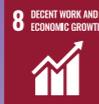
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 <h3>ADVANCING LEADERSHIP</h3> <p>Empower our leaders by infusing our foundational values into everything we do</p> <p>OUR FOCUS AREAS</p> <ul style="list-style-type: none"> Talent Development Corporate Governance Business Ethics & Compliance  	 <h3>ADVANCING OPPORTUNITY</h3> <p>Work toward creating a world where everyone can reach their full potential</p> <p>OUR FOCUS AREAS</p> <ul style="list-style-type: none"> Health, Safety & Well-Being Inclusion & Diversity Community Engagement Human & Labor Rights    	 <h3>ADVANCING INNOVATION</h3> <p>Invest in R&D, foster collaborative teams and promote a passion for excellence</p> <p>OUR FOCUS AREAS</p> <ul style="list-style-type: none"> Product & Service Innovation IP Protection Cyber Security  	 <h3>ADVANCING STEWARDSHIP</h3> <p>Advance environmental stewardship and shape a more sustainable future</p> <p>OUR FOCUS AREAS</p> <ul style="list-style-type: none"> Climate & Energy Materials & Waste Water Management    
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Environmental, Social & Governance (ESG) Materiality Assessment

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Engaging in regular dialogue with stakeholders and understanding our priority ESG topics is crucial to developing our ESG strategy and reducing our carbon footprint.

In 2019, we conducted our first ESG materiality assessment to identify and prioritize our ESG activities. In 2020 and 2021, we partnered with a third-party consultant to build upon this assessment and inform our corporate strategy and ESG reporting. The process was guided by the Global Reporting Initiative (GRI) Reporting Principles. We used GRI's definition of materiality to identify and assess priority topics across the value chain that our stakeholders care most about, are of greatest relevance to our business and align with our purpose to advance humanity through the power of technology.

We also considered the Sustainability Accounting Standards Board (SASB) Conceptual Framework and semiconductor industry standard to

identify topics for inclusion in the assessment.

The 2020 ESG materiality assessment included a detailed review of industry trends, best practices and standards, investor assessments, and benchmarking of peers and industry leaders. We also engaged our executive team and investors through interviews and our employees through a companywide survey and focus group discussions. Collecting the perspectives from a range of KLA stakeholders helped us develop a robust ESG strategy that capitalizes on our biggest opportunities, increases positive impact and business growth, and addresses areas of risk, such as operating in a carbon-constrained world.

The results of the assessment (see matrix) were reviewed by our ESG Steering Committee, which is comprised of KLA leaders who oversee our strategy under the guidance of our Board of Directors. The Steering Committee was highly involved in the assessment,

development and approval of a three-year roadmap to execute our ESG strategy and continue the integration of ESG into our business operations, culture and communications.

We will continue to assess our strategy going forward and refresh it regularly to ensure we're on track to do the right thing for our planet, our communities and our stakeholders.

KLA's Material Topics



The KLA Operating Model

KLA's commitment to Advancing Humanity is deeply rooted in our [shared values](#) which inform our approach to solving the world's most challenging technological issues. By staying true to our values, we can advance humanity through innovation, stewardship, opportunity and leadership.

Focused on Driving Sustainable Profitability and Growth



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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, and we can solve it, we must.



Drive to Be Better

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



High Performance Teams

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



Honest, Forthright and Consistent

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



Indispensable for Customers

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

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Our ESG Journey: Integrating ESG into Core Business Functions

2019

- Conducted first ESG materiality assessment
- Introduced Chief Information Security Officer and Chief Compliance Officer

2020

- Established ESG Steering Committee
- Launched our first ESG Strategy
- Introduced Chief Inclusion and Diversity Officer and rolled out global I&D strategy
- First enterprise-wide greenhouse gas (GHG) inventory (Scope 1,2,3)
- Launched first Global Impact Report (CY19-20)

2021

- Added ESG oversight to Charter of Nominating and Governance Committee of the Board
- Implemented climate-related risks and opportunities assessment
- Published second Global Impact Report (CY21) with enhanced disclosures and new baseline for ESG data
- Responded to CDP Climate Change for the 12th year in a row and CDP Water Security for the 10th year in a row

Keep Looking Ahead

KLA's Keep Looking Ahead™ vision reflects our optimistic view of the positive impact technology can have on the world. We recognize that while we are proud to highlight and celebrate our 2021 ESG achievements, we

need to challenge ourselves and commit to ongoing progress. That's why we have included Keep Looking Ahead sections throughout the report to provide an overview of what's on the horizon in 2022 and beyond.



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We believe our impact is powered by our people. That's why we embrace our responsibility to lead through exceptional training programs and professional development and making sure our employees feel included, safe, healthy and empowered to bring their full selves to work.

To maximize the potential of our employees and their positive impact on our company and communities, we enable an inclusive and diverse culture that promotes collaboration and innovation. Together, we improve our corporate environment while creating opportunities in the communities where we live and work.



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Talent Development

Our employees take pride in the work they do every day to advance humanity by supporting our customers and enabling the innovations of tomorrow.

Our competitive advantage is our people and the technology they develop, so we invest in KLA's future by fully supporting their personal and professional growth. When employees are healthy and happy, they are better able to think clearly, collaborate effectively and progress as individuals and as part of a team.

Our talent development programs focus on developing the unique attributes of our employees through comprehensive training offerings, employee engagement programs, and health and wellness activities. **We invest in our employees and work with them to define long-term career paths.**

Our robust Performance Management Program offers a multidimensional feedback process. At least once a year, individuals engage in self-assessments, management and skip-level reviews and open conversations on career advancement. The process also provides opportunities for peer and other stakeholder feedback.

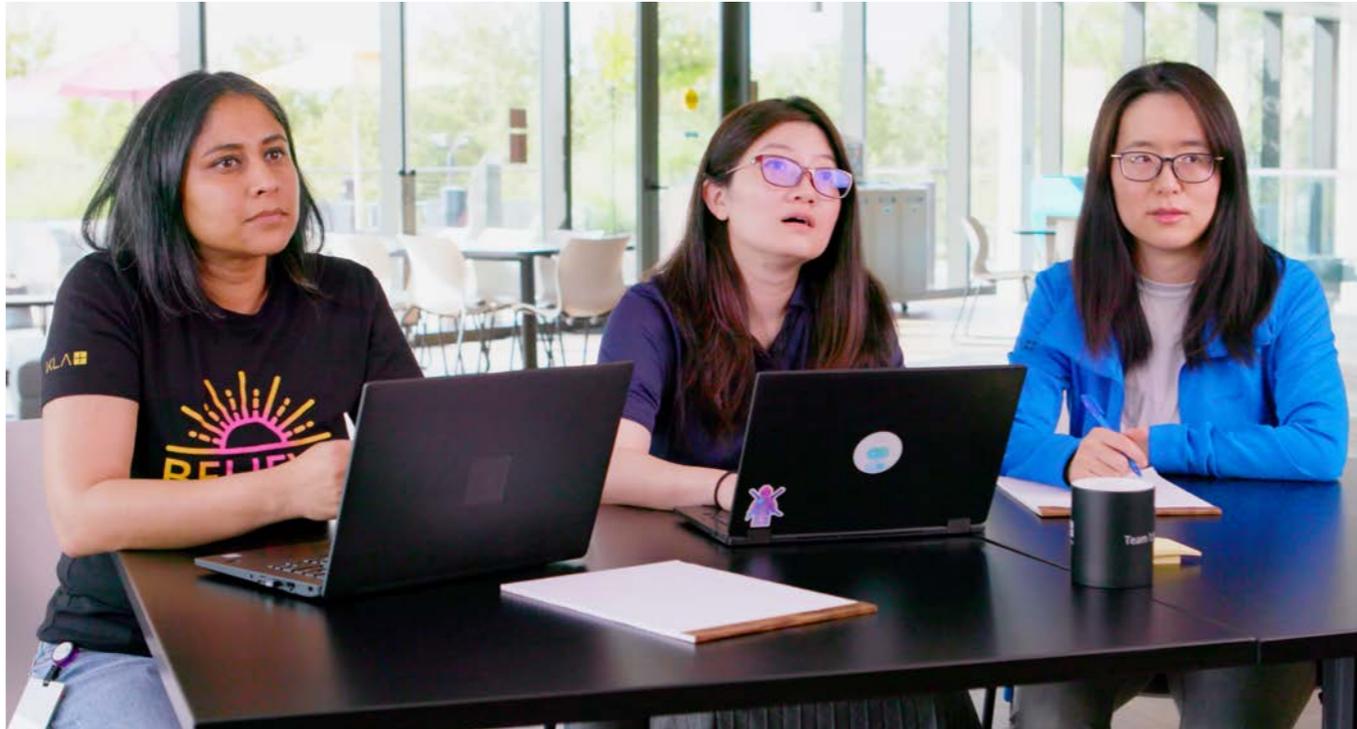


Robust Learning Opportunities

Our Corporate Learning Center (CLC) offers extensive training programs that are among the best in the technology industry. CLC programs are available to all employees, and in 2021 we achieved record attendance at 499 unique CLC learning events across the globe.

Through coaching and mentorship programs, our employees are inspired to push the boundaries of

their comfort zones and seek creative solutions. If they pursue external learning opportunities and education, we support that too, through tuition reimbursement. Through our partnerships with San Jose State University and the University of Michigan, employees can pursue advanced degrees in engineering that are customized for KLA and the skills/competencies required to support our customers.



KLA INSIGHTS

We were proud to have 2962 people join KLA in 2021, both as new hires and through company acquisitions. To welcome our new employees and those who joined KLA in the previous five years, we re-launched the KLA INSIGHTS program, designed to help employees learn more about our KLA values and operating model, why our technology is so important, and how they play an integral part in our success. More than 4300 employees around the world attended the engaging and informative two-day program with talks by KLA's CEO and Executive Team, live Q&A, and personal stories and insights into what makes KLA a great place to work.

"I believe KLA supports my growth and provides me with a meaningful career."

Emma Chen
Applications Engineer, KLA Taiwan

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Creating the Leaders of Tomorrow

Our Enterprise Leadership Program (ELP), a comprehensive, two-year management training program, provides robust succession planning to prepare KLA employees to fill future leadership roles. In 2021, 211 leaders completed the program.

Our Values in Action training provides further guidance on our values, business ethics and issues of inclusion and diversity for close to 1200 leaders at the director level and above.

Values in Action Key Statistics:

- 1,152** employees trained
- 12** substantive courses
- 10.5** hours of training
- 89** live sessions held
- 44** FAQs and 1 Quick Reference Guide published

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HIGHLIGHT

KLA Engineering Inspiration Report

In 2021, KLA commissioned a multi-regional research study to uncover the inspirations, motivations and barriers that engineers face in their careers. The study identified important insights among both students and working professionals:

- Two-thirds (65%) of engineers and students indicated they entered the field to create something that might change people's lives.
- Half (50%) of engineers and students indicated they have been inspired by sustainability issues, such as climate change, overpopulation and major natural disasters.
- Overall, nearly two-thirds (64%) of engineers indicate they are just as, if not more, passionate than they were when they entered the field.
- Female engineers are passionate about engineering despite barriers to entering the field and additional challenges such as a lack of role models.

Insights from the [KLA Engineering Inspiration Report](#) enable us to tailor our workplace experience to be rewarding and inclusive and attract the engineering talent needed to solve society's critical challenges.

Values in Action 2021 Training

Over 98% of all employees who participated in our Values in Action training either Strongly Agree or Agree with the statements below:

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"I believe KLA's leadership is committed to a 'see something, say something' culture."

"I am better able to identify situations where KLA's values might be compromised by me or others."

"I better understand the negative impacts of actions that compromise KLA's values."

"I feel enabled to report potential issues or violations through one of KLA's feedback channels."

"I would recommend this course to other KLA employees."



We believe in building relationships and developing new talent.

Talent Attraction & Retention

Talent attraction and retention is of utmost importance to KLA. We have a number of programs in place to ensure our employees can remain and grow within our organization.

In 2021, we performed a mid-year salary review and made adjustments to ensure we were competitive with others in the market. We reshaped long-term incentives for employees to share in KLA's success through restricted stock units (RSUs). We expanded hybrid work options and telecommuting. We made improvements to our interviewing process, reducing the time to recruit new employees. And we worked to broaden and diversify the talent pool by looking at adjacent skills and developing employees after they onboard at KLA.

Encouraging Internal Mobility

Employees at KLA are encouraged to chart a career path that is most meaningful to them. Internal job opportunities are visible to all employees, and career maps are available for most career tracks to see what certifications may be needed to advance to the next level.

Our Connected Employees intranet site helps facilitate internal connections and advancement. Our internal rate of promotion of 75% at the VP level attests to the success of these efforts.

EXTERNAL AWARDS AND ACCOLADES



Fortune Magazine
World's Most
Admired Companies



Training Magazine
Top 10 Hall of Fame
for the past 15 years

Talent Performance

2021

Total new employee hires	2,962
Total employee voluntary turnover	7%
Average training hours per FTE	32.75
Percentage of total employees who receive a regular performance review	100%

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Employee Well-being

At KLA, our talent is the heartbeat of our organization. We value our employees as individuals and recognize and support their needs so they can bring their best selves to work every day. We engage with our employees about what they need to be successful in and out of the workplace, and we have built a robust suite of benefits to help ensure the well-being of all employees.

Employee Engagement

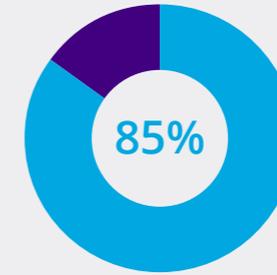
As we began to emerge from the global pandemic in 2021, many people sought connection as never before. Through our annual Employee Engagement Surveys—which had an 85% response rate—we identified two top priorities: workload and well-being. We acted on these priorities to ensure our employees had the resources available to manage their mental and physical health.

We use the Virgin Pulse wellness app to help our employees build healthy habits. The app encourages employees to track their activity and offers insights to help improve their health and wellness habits. KLA’s virtual and in-person wellness

course offerings span both physical and mental health. We offer in-person and virtual workout classes as well as seminars on mindfulness, meditation and other wellness topics.

We hold online fitness classes that include body tuneup, yoga and other well-being classes like maintaining life balance, nutrition, the importance of sleep, hydration and relaxation. Throughout our sites, we host a series of events and challenges, both virtually and in person, to encourage our employees to stay active. Our wellness program helps employees manage and improve their health and build healthy lifestyle habits in engaging ways.

Employee Engagement Survey Results



response rate

7.7/10

overall engagement score, classified as “Good”

“In all the years spent at KLA, there are two things that come to mind about what I love about this company.

The opportunity to work on ‘bleeding-edge’ technologies and to work with the best and brightest minds in the industry!”

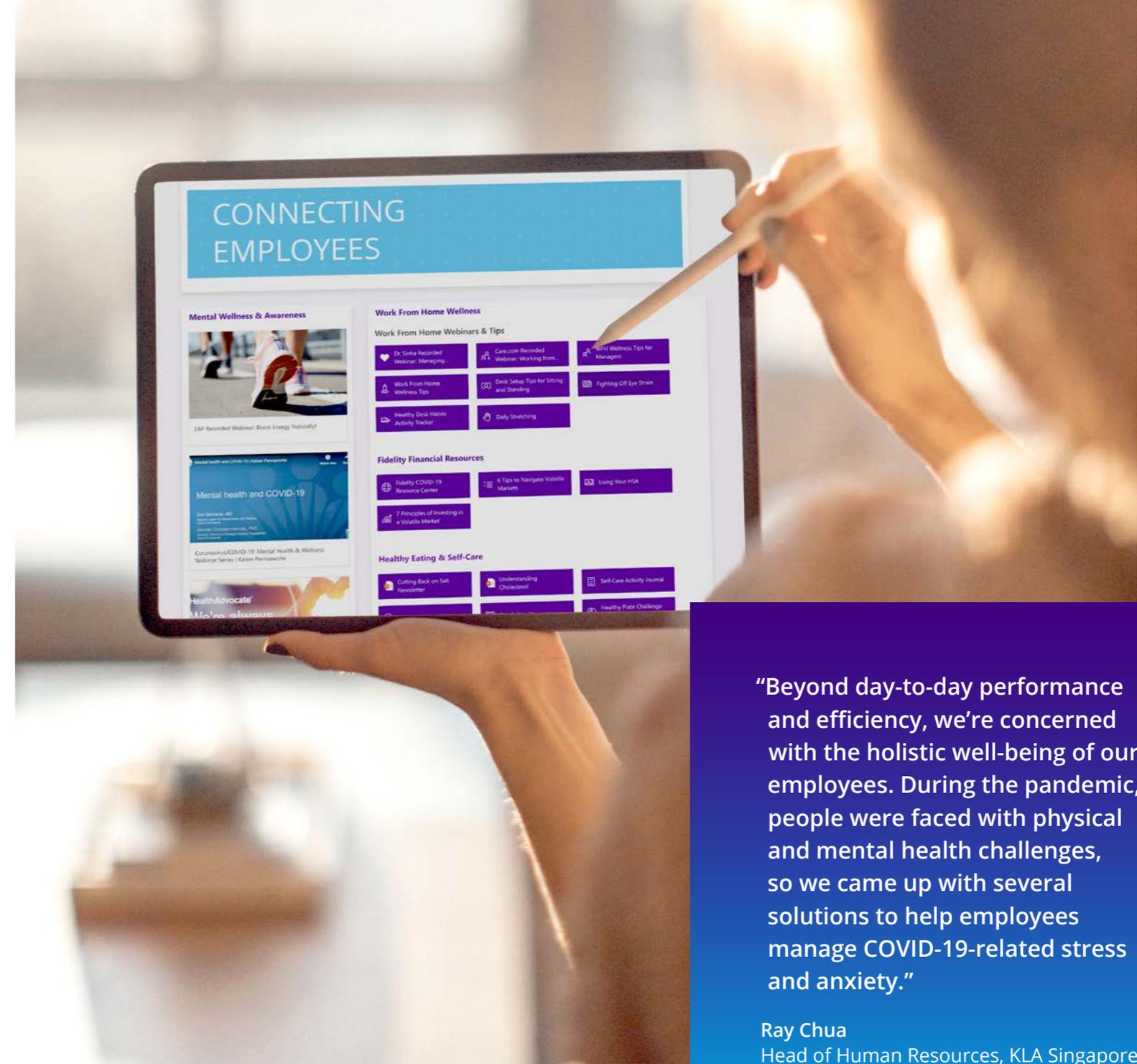
Vidya, a KLA employee in Ann Arbor, Michigan

Supporting Working Parents

During the COVID-19 pandemic, many working parents faced challenges balancing working from home and caring for their families' needs. At KLA, we recognized those challenges and expanded our benefits to include remote learning and childcare leave for employees in the U.S. and some of our other locations.

We offer parenting webinars through our Connecting Employees website for parents to learn more about adolescent mental health. Session topics have included helping teens through COVID-19, talking to children about racism and supporting children with anxiety.

We also offer courses on financial literacy and planning to help our employees prepare for their financial futures.



“Beyond day-to-day performance and efficiency, we’re concerned with the holistic well-being of our employees. During the pandemic, people were faced with physical and mental health challenges, so we came up with several solutions to help employees manage COVID-19-related stress and anxiety.”

Ray Chua
Head of Human Resources, KLA Singapore

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Inclusion & Diversity

The journey to becoming a truly inclusive and diverse global organization takes time, and we are deeply invested in this endeavor. At KLA, Inclusion & Diversity (I&D) is a shared aspiration, commitment and responsibility—and a direct expression of our core values. We celebrate the diversity of our employees, customers and partners, and we are committed to fostering a culture of conscious inclusion.

In 2021, we redoubled our I&D efforts in several ways. Our Values in Action training was expanded last year to include a focus on I&D, reaching close to 1200 leaders across the company. KLA people managers honed their skills to address unconscious bias, non-discrimination and anti-harassment, and embraced a model of conscious inclusion that emphasizes seven key leadership qualities¹: **curiosity, courage, communication, collaboration, embracing healthy conflict, giving credit, and consistency in implementing the aforementioned Cs**, even under stressful conditions or time constraints.

¹ Adapted from: Byers, Tony. *The Multiplier Effect of Inclusion: How Diversity & Inclusion Advances Innovation and Drives Growth*. Publish Your Purpose Press, 2018.

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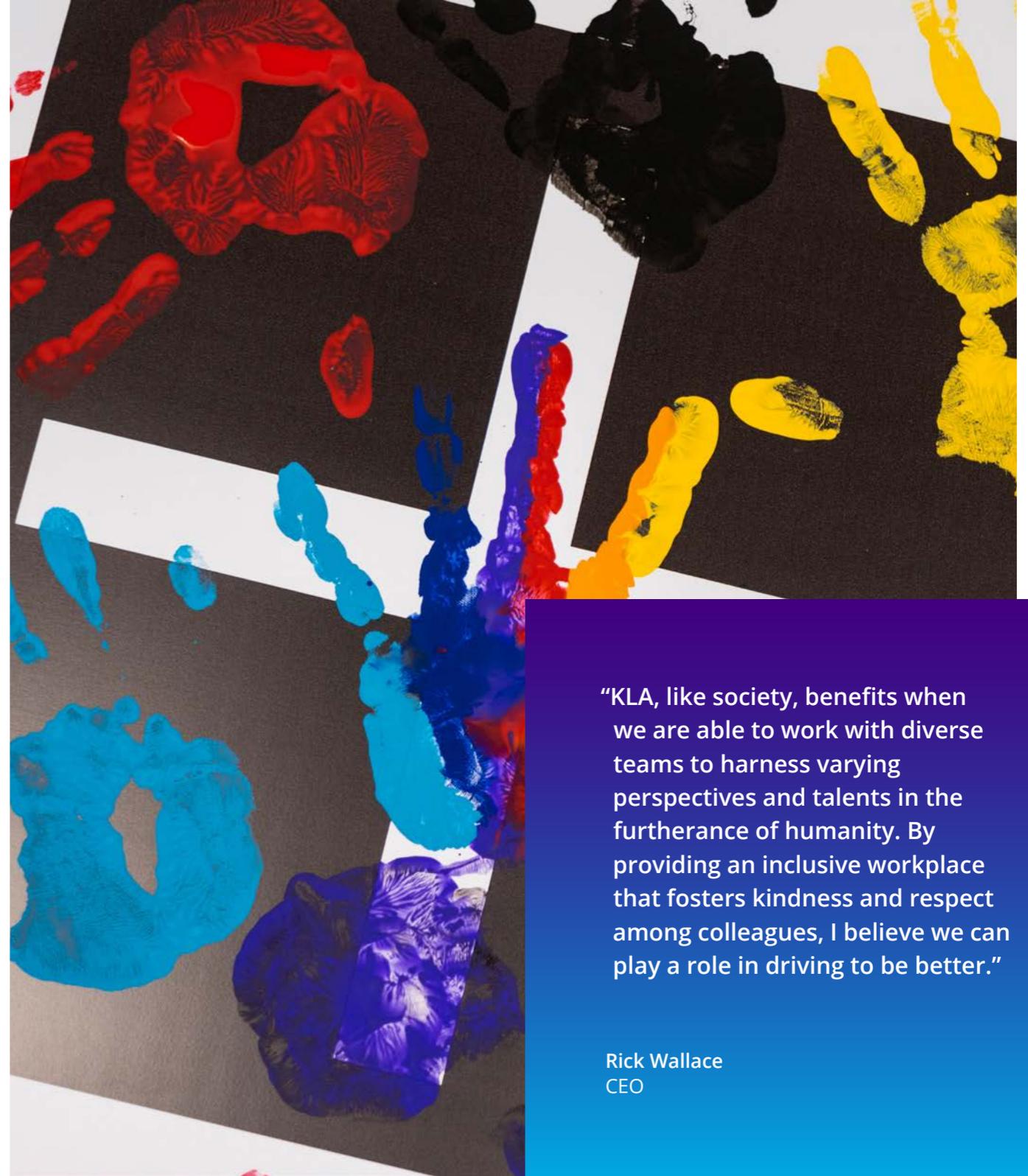
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“KLA, like society, benefits when we are able to work with diverse teams to harness varying perspectives and talents in the furtherance of humanity. By providing an inclusive workplace that fosters kindness and respect among colleagues, I believe we can play a role in driving to be better.”

Rick Wallace
CEO

Employee Engagement on I&D

We continued to offer over 35 trainings to multiple teams globally in 2021 to expand awareness and understanding on I&D topics. The programs listed below are now available for all employees.



Introduction to Inclusion and Diversity



Unconscious Bias



Inclusive Leadership



Inclusive Hiring Practices



LGBTQ Workshop

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How We Talk About Our Work Matters

We're taking a close look at the way we write job descriptions to ensure that we do not unconsciously exclude people through biased language. The Textio app, an augmented writing solution, helps managers write job

descriptions that will attract a rich and diverse pipeline of qualified talent. We used the same tool to review our KLA competencies – the qualities we encourage across KLA – and made changes to make the language more inclusive.

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KLA employees in Milpitas, California

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Focusing on Diversity in Israel

KLA Israel has been focusing on expanding diversity in multiple ways.

A partnership with the national program Co-Impact supports the largest organizations in Israel in their efforts to successfully integrate Arab employees into the workforce.

Through internships, mentoring, local scholarships, educational efforts and direct recruitment outreach, KLA Israel has increased the number of Arab employees. At the same time, KLA Israel has expanded its recruitment of women from the Jewish Orthodox community and a group of Jewish Orthodox software programmers has been established in Migdal HaEmek.

Expanding Employee Resource Groups

Employee Resource Groups (ERGs) are voluntary groups of employees who have a common interest in helping KLA achieve its inclusion and diversity goals. ERGs give colleagues the opportunity to come together to openly share ideas, elevate awareness on important issues and help the company gain a better understanding of what it needs to do to be more inclusive and diverse.

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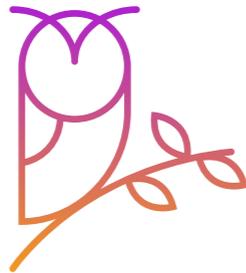
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WISE



Women In STEM Empowered (WISE) is a voluntary, employee-led group made up of individuals who have joined together to support women at KLA and foster an inclusive environment that will benefit all.

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

Konexión



Konexión fosters an inclusive community, where employees interact and innovate together, through cultural sharing and understanding of the diversity of the Latinx community.

U.S.-Wide

BELIEVE



Black Employees Leading Inclusion, Excellence, Values, and Education (BELIEVE) progresses KLA's inclusion and diversity goals through support, recruitment, and advancement of Black talent, while also promoting cultural awareness, understanding and allyship of the Black community.

U.S.-Wide

PRISM



Pride, Respect, Inclusion, and Solidarity Meet (PRISM) amplifies KLA's commitment to equality and inclusion by promoting a safe and open working environment for the LGBTQ+ community and its allies.

All locations

Highlights of ERG Capitalize Efforts in 2021

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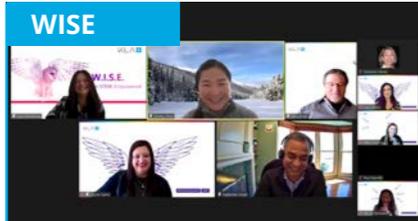
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We have WISE chapters in the U.S., Israel and India, as well as a recently launched EPC Europe WISE, made up of employees of the Electronics, Packaging and Components (EPC) group in Europe. With a 2021 theme of “reaching your aspirations,” members planned and delivered education and awareness programs, networking opportunities, a mentorship program, and community engagement activities inside and outside of KLA.



Our Hispanic/Latinx ERG launched in 2020 and grew its membership in 2021. In 2021, Konexión held a virtual event to celebrate Hispanic Heritage Month, with one of our employees presenting the history of Puerto Rico to fellow KLA employees. In addition to heritage celebrations, Konexión and the KLA Foundation partnered with the Hispanic Foundation of Silicon Valley to support STEM education programming for Latinx students.



Launched in 2021, BELIEVE introduced several new initiatives at KLA. For example, to commemorate Black History Month, celebrated every February in the United States and Canada, BELIEVE hosted two special events focusing on food and heart health.



A steering committee on LGBTQ+ issues is working on launching PRISM (where Pride, Respect, Inclusion and Solidarity Meet) in 2022. In honor of Pride Month this past year, KLA flew the Pride flag in our offices around the world. The flag, featuring our iconic plus overlaid in the center, celebrates the diversity of the KLA community, including our employees, partners, customers and the communities where we live.



“I’m forever optimistic about people. If we engage in a dialogue, we can come closer to understanding each other.”

Emiko Higashi
Member of the KLA Board
of Directors

Cultural Heritage Celebrations

Celebrating our diversity through formal observations of cultural holidays is one way we advance inclusion at KLA.

We observed many U.S. heritage months over the course of 2021 and many other cultural holidays throughout the globe. Examples include Lunar New Year, MLK Day, Black History Month, International Women’s Day, Asian American Pacific Islander Heritage Month, Cinco de Mayo, Pride Month, Juneteenth, and Diwali.

These celebrations are an important way for KLA employees to learn about different traditions, cultural norms and our own employees’ experiences in straddling different cultures.

	<p>Asian American and Pacific Islander (AAPI) Heritage Month</p>
	<p>Black History Month</p>
	<p>Hispanic Heritage Month</p>
	<p>International Women’s Day</p>
	<p>Women’s History Month</p>

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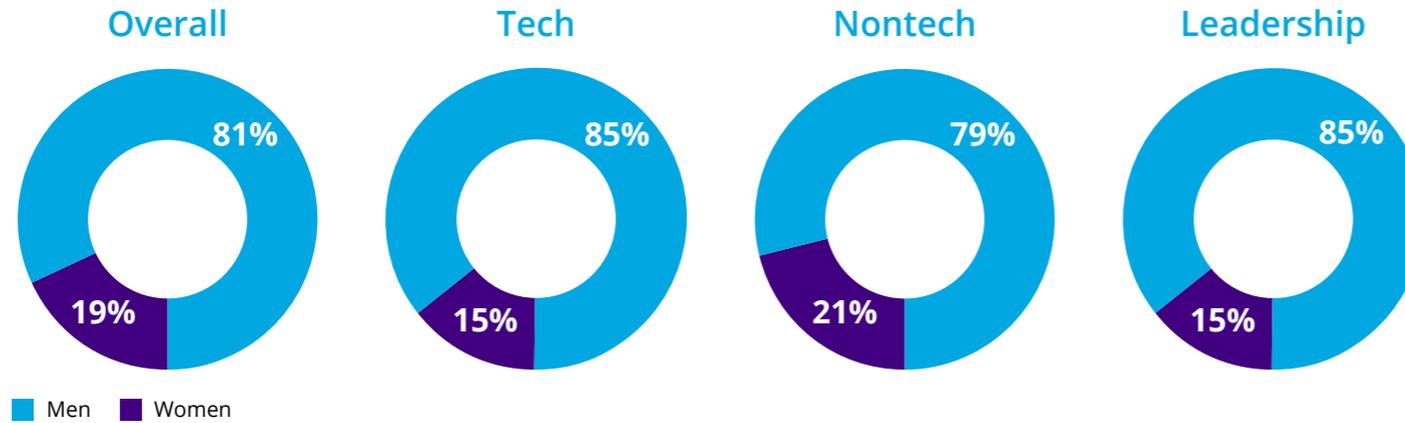
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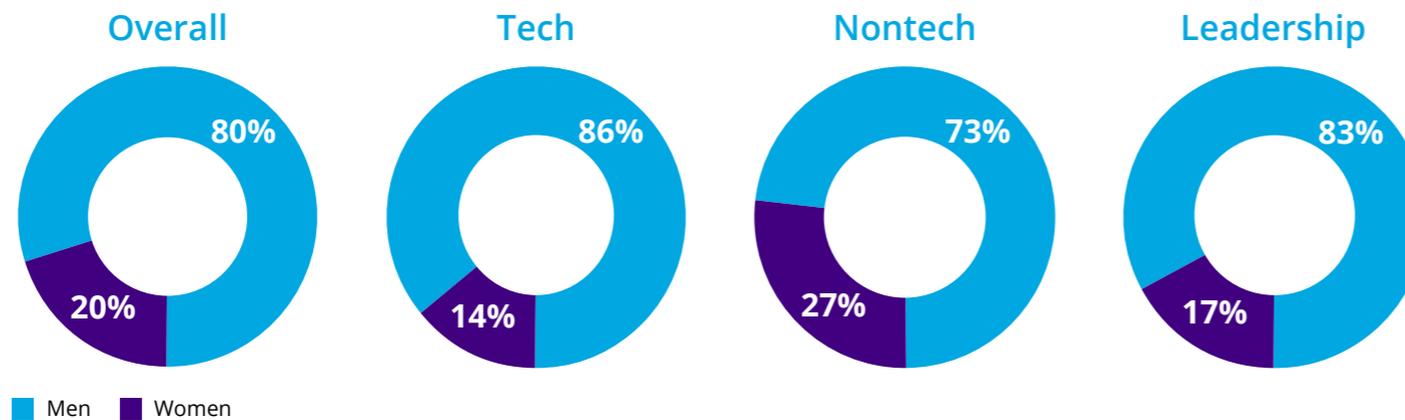
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Gender Diversity: Global CY2021

27%
of KLA Board of
Directors are female

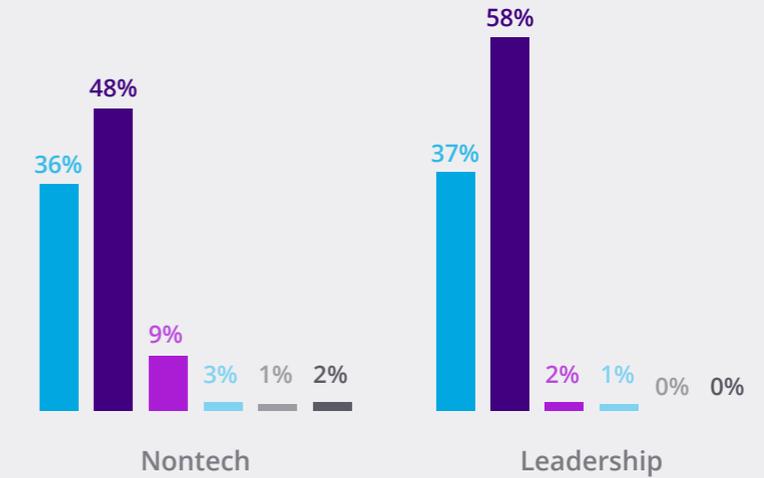
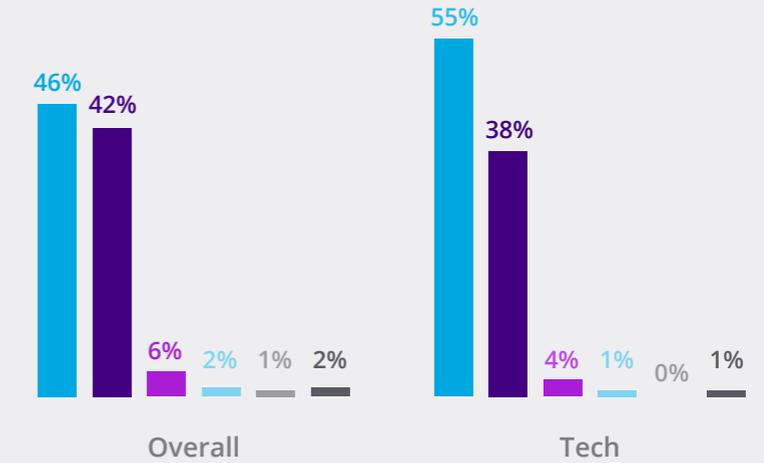


Gender Diversity: U.S. CY2021



Data as of December 31, 2021. 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 add up to 100% due to rounding. To align with U.S. government reporting requirements, this data uses the traditional gender categories of male and female. Racial and ethnic demographics shown are also based on government categories.

Race and Ethnicity: US CY2021



Legend for Race and Ethnicity: Asian, White, Hispanic or Latinx, Black or African American, Native American, Native Hawaiian, Pacific Islander, Multiracial.

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Community Engagement

We value equity as much as empathy. We listen to local needs and find meaningful ways to help. This year, we came together as an organization to address pressing needs that matter most to our employees and their communities.

The KLA Foundation and KLA employees around the world supported the communities where we live and work through financial support, volunteerism and program facilitation focusing on our three strategic pillars: Education, Wellness and Community Support.

Through the KLA Foundation grants program, we invest in creative ideas from local organizations that know their communities best to create upstream solutions for sustainable change.

We took a fresh look at our approach, exploring some hard questions including: How can we best support efforts to build inclusion, grow diversity and achieve racial equality? These are big societal challenges, and we want to be part of the solution by exploring where we can have the most impact.

Grants by the Numbers



Employee Giving



KLA Foundation Mission:
Advancing humanity by investing in our communities to create a more equitable, inclusive and accessible world.

Advancing Sustainable Development

We considered how our Community Engagement strategy can support a more global focus, both within KLA and externally. In 2021, the KLA Foundation aligned its programs and activities with six UN Sustainable Development Goals to have our Community Engagement strategy support a more global focus, both within KLA and externally.



Our Impact Around the World

Our Community Engagement platform was strengthened in 2021, with employees stepping up to donate, get involved and consider more deeply how they can provide

meaningful support in their own communities, with generous support from the KLA Foundation. Here are just a few examples of their great work:

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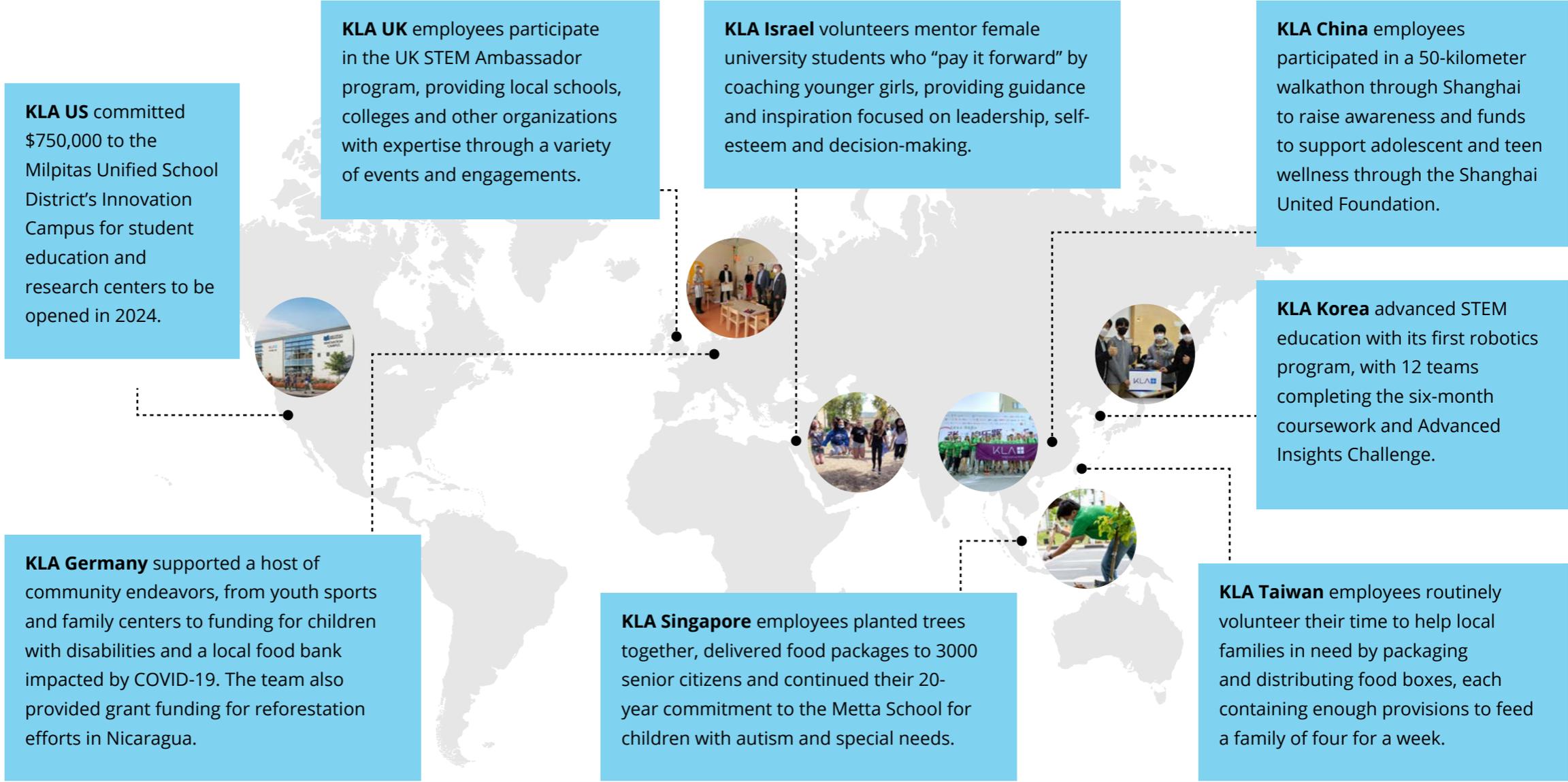
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Community Engagement Spotlights:

India COVID-19 Relief

When India was hit with a resurgence of COVID-19, the KLA Foundation [expanded its efforts](#) in the region with a \$550,000 donation. The funding enabled healthcare facilities to procure much needed critical care equipment such as oxygen generators, syringe infusion pumps, beds and other medical supplies to treat people in and around the city of Chennai, where KLA India is based. Consistent with the Foundation's commitment to providing support and resources for impactful and sustainable change, the donation also funded a long-term community investment to build additional ICU capacity to address the needs of underprivileged communities in hospitals. The Foundation also established a new India

COVID Relief Fund campaign on its internal Global Giving platform, and KLA employees made personal donations of more than \$40,000 which were matched by the Foundation.

The COVID-19 India relief fund is an expansion of the Foundation's previous contributions toward global pandemic relief efforts. Focused on nonprofit organizations in regions with the highest number of individuals affected by COVID-19, as well as locations with high-risk populations, the KLA Foundation provided resources and funding over the past year to food banks, senior living communities, public hospitals and schools.

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“This donation by the KLA Foundation and fellow colleagues is helping to mobilize rapid response efforts here in Chennai and the broader community. We thank our KLA colleagues around the world for their assistance and contributions.”

Dominic David
President of Operations, KLA India



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Investing in Social Equity

In 2020, the KLA Foundation established the KLA Social Equity Fund, a three-year program in partnership with the American Heart Association. The \$1.5 million fund aims to address social and economic barriers to health equity facing communities of color in South Bay/Silicon Valley, California and Metropolitan Detroit, where our global headquarters and second North American headquarters are located. Five investments totaling \$530,000 were distributed in 2021 to fund local programs addressing homelessness, food insecurity and community education on such issues as mental health, child abuse and domestic violence.

In addition to the Social Equity Fund, the KLA Foundation invested in a number of organizations working to remove barriers and provide opportunities for underrepresented communities, including Out in Tech, Facing History and Ourselves, Hispanic Foundation of Silicon Valley, the African Diaspora Network and Year Up.



Midtown Family Services in San Jose, California



KLA Social Equity Fund at work in Detroit

Riding for Diabetes Health

In 2021, KLA employees participated in the Tour de Cure, an annual bike race organized by the American Diabetes Association.

Employees raised \$61,000 for the virtual bike ride through employee donations, which were matched by the Foundation. This was the most KLA has raised in the last four years and a 147% increase from the previous year's total.

STEM Inspectors Program Goes Global

As part of the KLA Foundation's goal to close the STEM education equity gap, the STEM Inspectors program was created in partnership with Santa Clara Unified School District. The program utilizes a paper microscope invented by two Stanford students and marketed under the Foldscope name, that magnifies up to 140 times of what can be seen

by the human eye and has a 2-micron resolution. At only \$1 each to manufacture, the low cost ensures that all students who participate can have their own microscope. A five-lesson plan accompanies the STEM Inspectors program for teachers to use, and so far, KLA employees have engaged more than 1500 students in the program globally.

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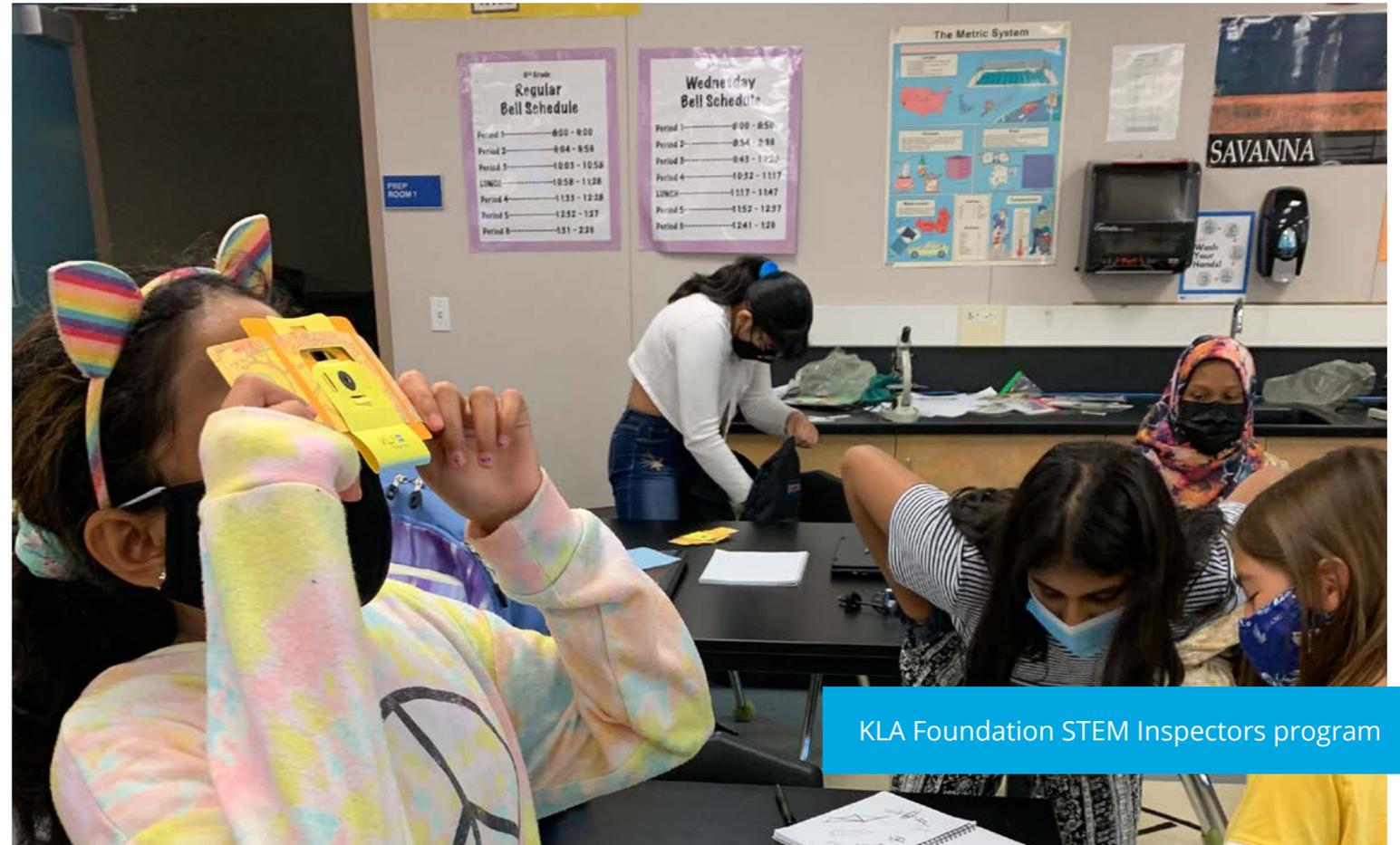
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Annual Tour de Cure bike race for the American Diabetes Association



KLA Foundation STEM Inspectors program

Health & Safety

The health and safety of our employees is paramount to our success. Over the past year, our Environmental Health & Safety (EHS) team focused on building its organization to increase global coordination and consistency with strong local connections that support customers and employees within each region and site. Under the leadership of a dedicated global EHS Director overseeing an increasingly robust set of programs, the team continued to grow in 2021, adding new hires in Europe, Asia and the U.S., and will expand further in 2022.

In 2021, the continuing demands of COVID-19 required that we build upon our global approach to EHS with strong collaboration across the regions. This has resulted in the adoption of best practices for each of our sites, improving business resiliency and the health and safety of our employees worldwide. In addition, our flexible work options have enabled employees to remain safely at home during quarantines to support their families and prevent cross-contamination in the workplace.

Setting a High Bar for Safety

Our goal is always zero accidents across our facilities. To achieve that, we conduct proactive risk assessments and audits to constantly improve our efforts. We implemented a global standard for tracking and reporting our incidents to ensure consistency across our regions, and continually outperform industry averages for injury rates. In 2021, our U.S. Total Recordable Incident Rate was 0.22.

We set a goal to globalize our ISO 45001 (Occupational Health & Safety Management Systems, or OH&S) certification and expand our ISO 14001 (Environmental Management Systems, or EMS) certification beyond our larger sites. Our goal is to have one integrated ISO 14001/45001 system and certify our main production and R&D facilities under one global certificate that meets ISO's stringent requirements. We plan to execute these plans over the course of 2022-2024.



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Risk Assessments

We are committed to reducing safety risks across business units and at corporate sites worldwide. We revised our approach to risk assessments for EHS in 2021, to “risk rank” our own operations. We are utilizing this system not only to measure our own performance, but also to help improve the performance throughout our value chain. In addition, our low-risk score from the Responsible Business Alliance (94/100) demonstrates our commitment to safety in our supply chain and with our customers.

Industry-Leading Training

We are especially proud of our award-winning training programs at KLA. For the past 15 years, KLA has been a member of Training Magazine’s Top 10 Hall of Fame. Our excellent safety record is a tribute to our employees’ efforts, the breadth and depth of our training programs, and our dedication to safety policy management. In 2021, KLA employees completed more than 10,000 hours of training on health and safety issues.

All new hires are required to go through a health and safety training program. In addition, our service technicians are required to achieve and maintain role-specific safety training certifications.



HIGHLIGHT

RoSPA Award in Wales

Our Wales site (SPTS division) has received the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Gold Award for nine consecutive years. The RoSPA Awards are one of the most prestigious health and safety recognitions in the world.

People: Keep Looking Ahead

NEXT STEPS IN 2022 AND BEYOND

Going forward, we are increasing our focus on talent development, recruitment and retention. We expect to launch a Total Rewards Portal to better communicate the entire package of benefits that KLA employees receive. We are adding to our full roster of training and wellness offerings with new programs being rolled out in 2022.

Our increased efforts to deepen employee engagement also extend to our work in the community. As more in-person volunteer activities emerge and opportunities to connect with our nonprofit partners increase, the KLA Foundation will prioritize facilitating meaningful engagements for our employees across our three pillars of Education, Wellness and Community Support.

In addition, a new Inclusion and Diversity program, Inclusion for All, will be introduced in 2022. This campaign will bring to life our shared aspiration, driving proactive actions all employees can take to be as inclusive as possible. Inclusion for All means that all employees should feel a sense of belonging, bringing their unique backgrounds, experiences and perspectives to help us evolve as an organization.

In our drive to be better, we commit to creating a more diverse workforce year over year. In 2022, as part of this commitment, KLA signed the [CEO Action for Diversity & Inclusion™](#) pledge and joined the [Alliance for Global Inclusion](#).



“There’s always more on the horizon – there’s no limit to what we can do to improve our efforts around inclusion and diversity.”

Joni Podolsky
Director, Global Inclusion and Diversity

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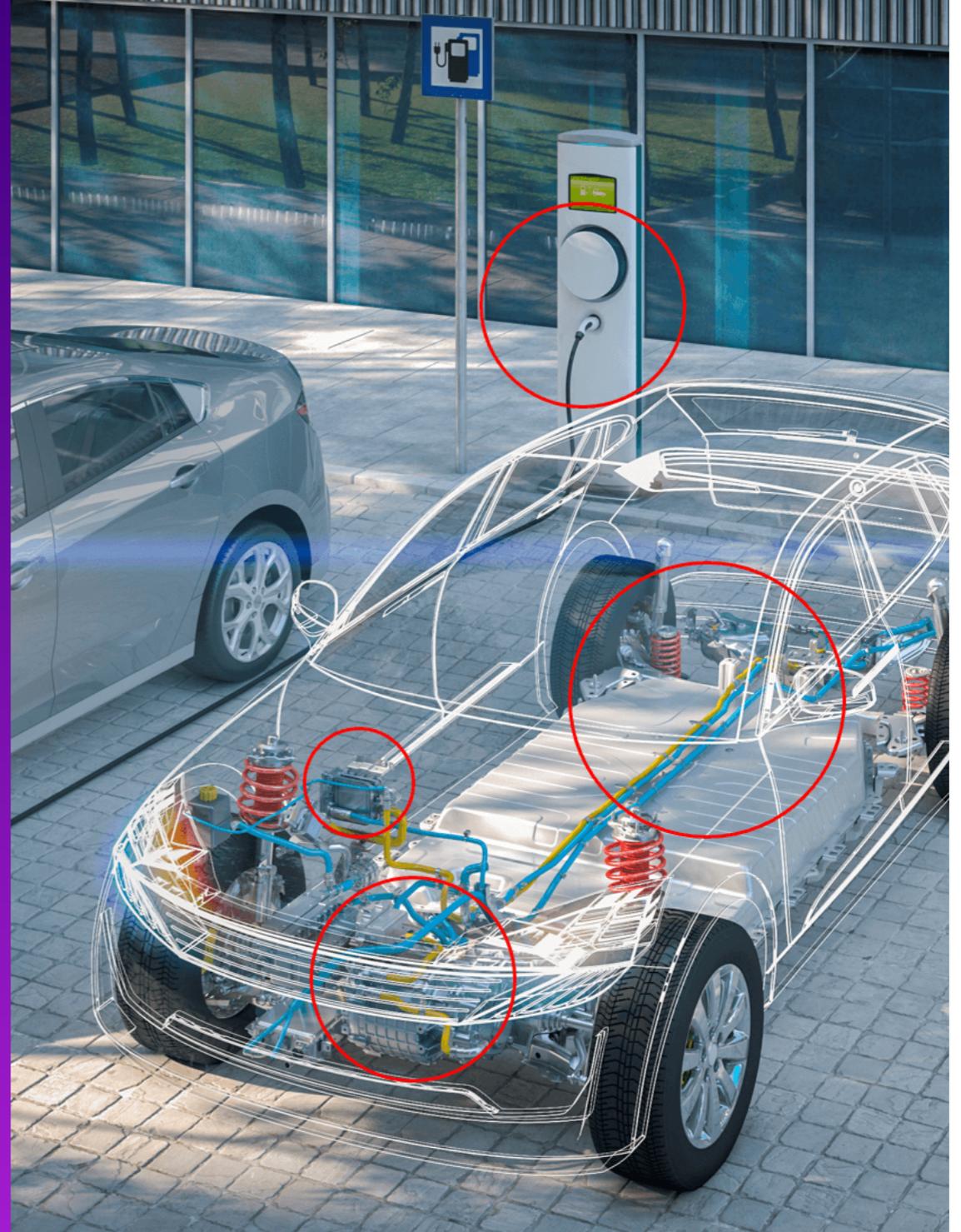
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Our culture of innovation enables us to tackle complex technical and sustainability challenges and operate at the nexus of the next frontier. With one foot in the future, we strive to enable what's next, while living up to our responsibilities today.

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



Product Stewardship & Innovation

Thinking Big: Sustainable Product Innovation

Innovation is the lifeblood of KLA. For nearly 50 years, KLA has been working to advance humanity through enabling virtually every technology that touches the human experience. Our customers are working to solve the toughest challenges in the world today—from making clean energy technologies more efficient to ensuring vaccinations are more accessible in the most remote parts of the world.

KLA's technologies enable our customers to solve problems faster and more reliably. And as we contribute to a more sustainable world, our technology continues to push the boundaries of higher performance with reduced resource utilization. Together with our customers, we are driving manufacturing process improvements that can achieve higher yield while reducing emissions, energy use and waste in the process.

Our tools and technologies help prevent semiconductor chips with defects from ever escaping the fab, which makes the products they enable safer and more reliable. And as the chips themselves become lighter, less energy-intensive and more powerful, a whole new wave of innovation is becoming possible.

We are proud to be trusted partners to our customers in building the sustainable roadmap of the future. The stakes have never been higher. And we're up to the task.

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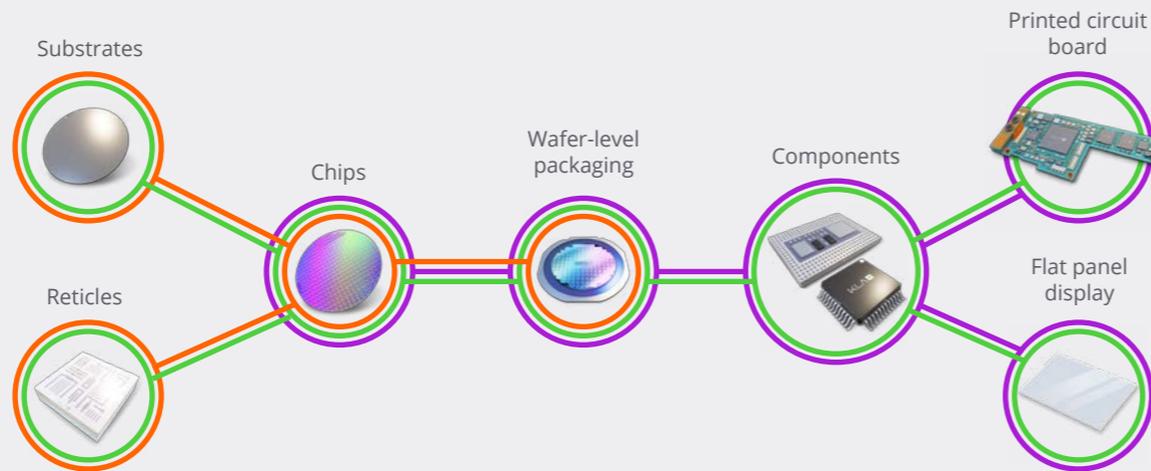
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KLA is a global leader in diversified electronics for the semiconductor manufacturing ecosystem



KLA Business Units

■ KLA Services ■ Semiconductor Process Control (Semi PC) ■ Electronics, Packaging and Components (EPC)

End Products

Automotive 

Connected devices 

Mobile devices 

5G Infrastructure 

Data 

Increasing Automotive Reliability & Electric Vehicle Efficiency

As the automotive industry continues to drive new innovations in electrification, connectivity, advanced driver assistance and autonomous driving, vehicles will require more advanced components. With chips at the core of vehicle operations and safety applications, reliability is critical, and automotive chips must meet strict quality standards.

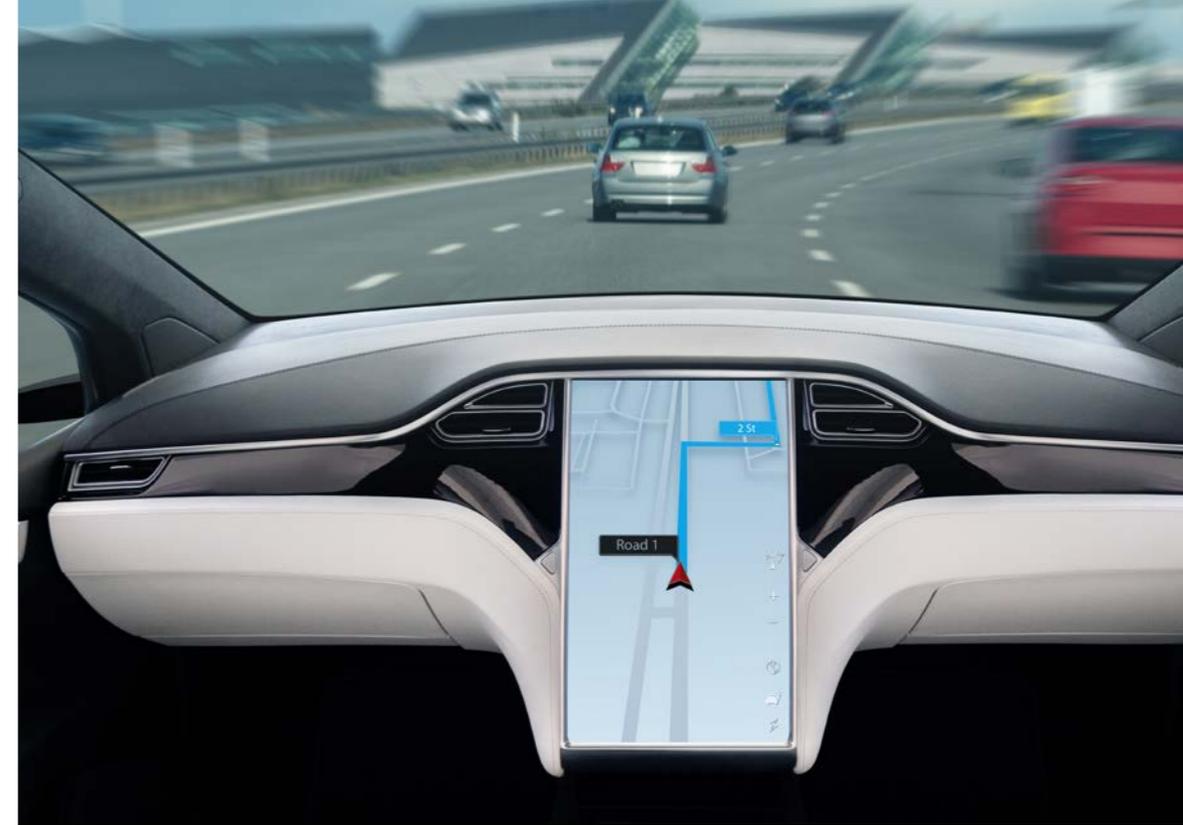
In 2021, KLA unveiled four new products to ensure high yield, reliability and performance of the chips that power the most advanced automotive electronics: the 8935 high productivity patterned wafer inspection system, the C205 broadband plasma patterned wafer inspection system, the Surfscan® SP A2/A3 unpatterned wafer inspection systems and I-PAT® inline defect part average testing screening solution.

As the world works to reduce greenhouse gas emissions, global adoption of electric vehicles (EVs) is driving an increased demand for high-power, energy-efficient compound semiconductors, such as

silicon carbide (SiC)-based components, throughout the entire EV assembly process. Small, light, power-efficient SiC-based devices can handle high temperatures, making them well-suited to EV applications.

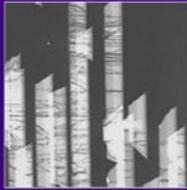
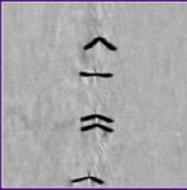
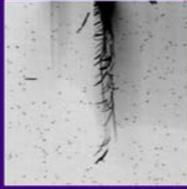
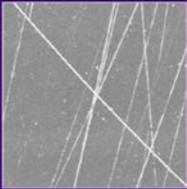
KLA has been delivering solutions and support to the SiC and gallium nitride (GaN) power device market that enables advances in EVs and other green technologies. Leveraging our vast experience in developing new technology capable of solving complex challenges across the IC industry to help drive yield improvements, we have developed a comprehensive portfolio of process equipment, and inspection and metrology process control solutions, such as the 8 Series, Surfscan® SP A2 and the Candela® 8520 for the unique needs of power devices.

By continuing to develop these and other groundbreaking solutions, KLA is helping to accelerate the marketplace momentum of more advanced vehicles, EVs and other renewable technologies.



SiC Based Power Devices

Defects Captured by Candela® 8520

	
Stacking Fault	Micropipe
	
BPD	Scratch





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Higher Yield, Less Waste

The key to more efficient manufacturing is higher yield with fewer defects and, ultimately, less waste. Our new Voyager® 1035 laser scanning patterned wafer inspector introduced in 2021 helps guide chip manufacturing by monitoring critical process steps during ramp and volume production. By finding and flagging critical defects inline, the Voyager 1035 inspector helps ensure process steps stay on track.

The landmark attribute of Voyager 1035 is DefectWise® deep learning technology. DefectWise provides fast, inline separation of defects of interest from pattern noise and nuisance defects, resulting in increased sensitivity and improved capture rate of key defects. DefectWise reduces the time required for fab engineers to understand and correct process excursions, which in turn reduces waste.



Virtual Lithography: Simulating Pattern Results

Semiconductor chips are fabricated by adding and subtracting multiple layers of materials in carefully planned patterns, forming a nanoscale network of wires and transistors that power our everyday electronics. Within a semiconductor fab, lithography processes are the manufacturing steps where the precise patterns are created.

Lithography is a complex process affected by multiple variables. To evaluate and fine-tune all these variables, lithographers have historically had to print test wafers. But a faster, more cost-effective means of investigating advanced lithography processes involves simulating patterning results—better known as computational lithography. By computing patterning results using different variable settings, lithography researchers can quickly determine optimal lithography settings, without the waste or expense of processing actual wafers.

PROLITH™ 2020b, introduced in 2021, is KLA's latest version of our virtual lithography and patterning system. PROLITH 2020b is critical to supporting in-fab simulations necessary for troubleshooting patterning issues, particularly those related to state-of-the-art immersion ArF or EUV lithography processes.

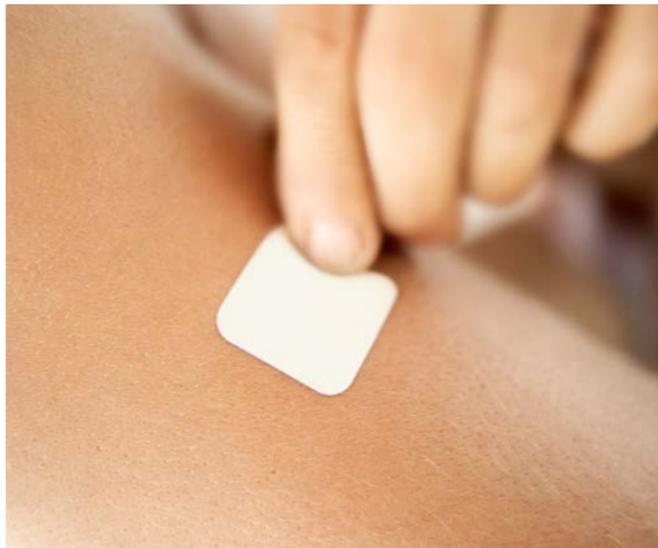


KLA's reticle inspection systems are critical for patterning success in chip manufacturing

Advancing Healthcare with Vaccine Microneedles

With high demand for vaccines to help address the global challenges of COVID-19, KLA is working to develop simpler, more effective solutions. Researchers at the University of Swansea in Wales, UK have been working with our SPTS division to develop hollow, silicon microneedles for pain-free drug delivery through the skin as well as cell sampling and other biomedical applications.

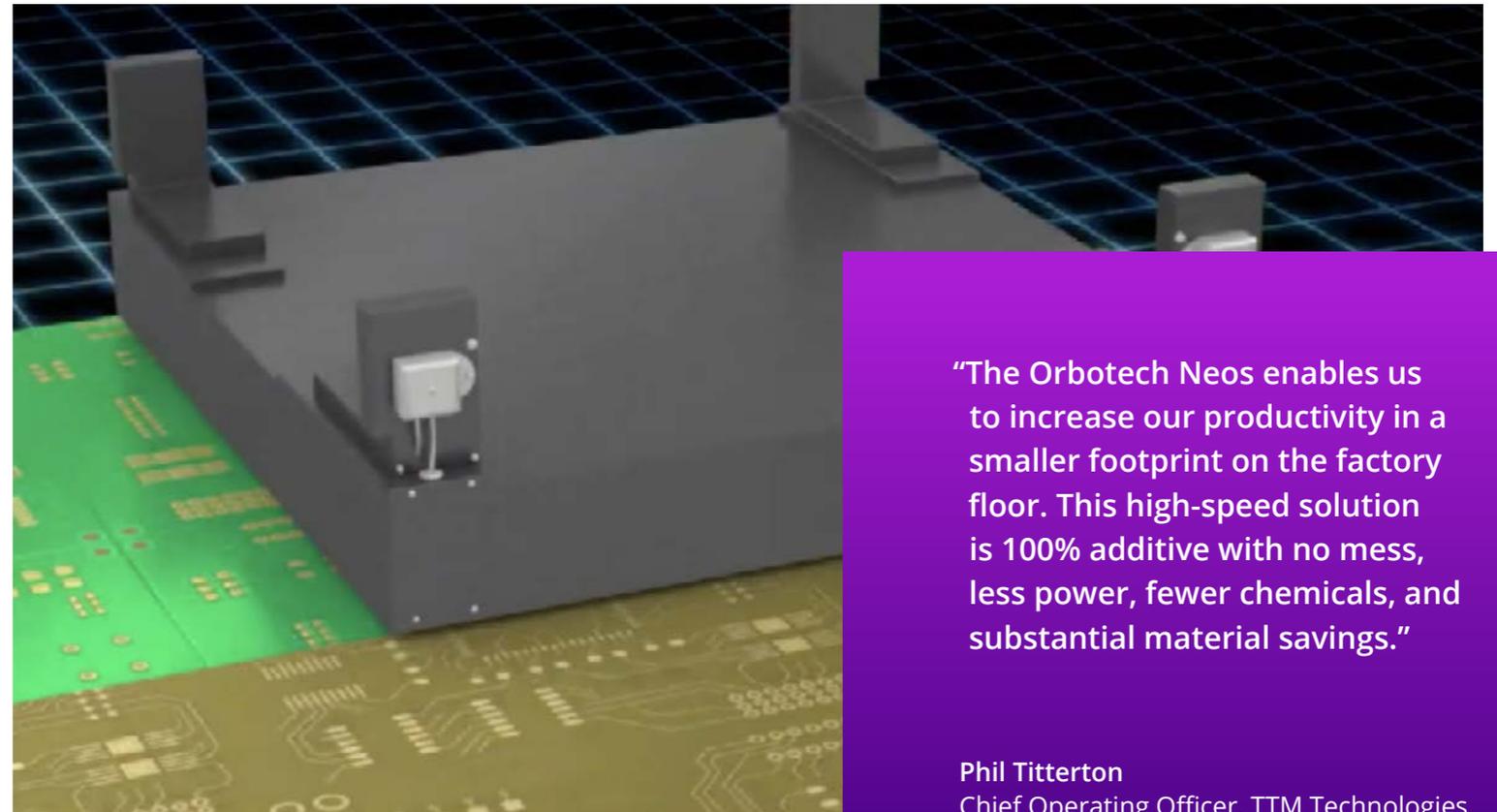
Researchers are using the microneedles, produced using SPTS etch and deposition technologies, to develop a “smart patch” that can deliver a coronavirus or other vaccine through the skin and monitor its efficacy by measuring the body’s immune response.



Orbotech Neos™ 800: Smaller Footprint, Substantial Benefits

TTM Technologies, a global manufacturer of printed circuit boards and radio frequency components and assemblies, selected Orbotech Neos 800 to apply solder masks to printed circuit boards more sustainably and at a lower cost. After rigorous testing, qualification and installation,

the global manufacturer was able to cut their solder mask sequence in half, reduce chemical waste, and accelerate their manufacturing process. TTM’s global Printed Circuit Board (PCB) customers include leaders in aerospace, defense, automotive, computing and medicine.



“The Orbotech Neos enables us to increase our productivity in a smaller footprint on the factory floor. This high-speed solution is 100% additive with no mess, less power, fewer chemicals, and substantial material savings.”

Phil Titterton
Chief Operating Officer, TTM Technologies

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Breathing New Life into Legacy Systems

Many device components serving the IoT, automotive, mobile, μ LED and other specialized market segments use larger design nodes or have unique substrate or material requirements. Our process-control and process-enabling solutions have long lifecycles, and KLA products can often be upgraded with evolving technology so customers can continue realizing value from their existing

equipment. In addition to standard service offerings, KLA offers a portfolio of certified and remanufactured 150mm and 200mm tools and performance enhancements, as well as adaptable 200mm/300mm tools in support of all semiconductor device types.

This extends the life of our tools, reduces waste and helps our customers keep pace with product innovation more sustainably.

“Extending the life of our product families through expert repairs, performance upgrades, as well as refurbishment of older systems contributes to the sustainability of our customers’ operations and also reduces industry waste as a whole.”

Brian Lorig
EVP, KLA Services



Supply Chain Stewardship

2021 came with its own set of global supply chain challenges across many industries KLA serves. As our customers worked to deliver on surging demand for their products, the global supply of materials and resources continued to fluctuate. Despite these challenges, KLA remained committed to growing our partnerships with sustainable, responsible and diverse suppliers while supporting our customers as they scaled up production to meet the increased demand.

Building these robust partnerships takes time and collaboration. Our goal is to increase our suppliers' capacity and awareness, engaging with them to build a more sustainable world and empowering them to align with our own core values. These values influence how we operate as a company and as an extension of our customers' supply chains, and we maintain strict policies on human and labor rights, ethics, conflict minerals as well as expectations for inclusion and diversity.

Building a Sustainable, Responsible Supply Chain

KLA evaluates new and existing suppliers through a rigorous qualification process. Once partners are selected, they become part of KLA's supply base and we work with them toward continuous improvement. KLA's Supplier Scorecard program includes several measurement criteria related to supplier performance. As part of the Supplier Relationship Management program, suppliers undergo planned business reviews, site visits and performance audits, as appropriate.

Every supplier is required to adhere to our [Standards of Business Conduct](#) as well as our [Supply Chain Human Rights Policy](#), which is aligned with the [Responsible Business Alliance \(RBA\) Code of Conduct](#), covering labor rights, safe and healthy work environments for employees, adherence to applicable environmental and employment laws, metals and minerals responsibility, ethical business practices and more. Every year we assess key direct suppliers using the RBA Facility Supplier Assessment Questionnaire (SAQ), which provides an overall risk score for evaluation. Any Higher-Risk scores require a third-party audit to identify areas for improvement and track those issues to closure. In 2021 we continued to meet our targeted 85% response rate on the RBA SAQ survey. We aim to expand our RBA SAQ program by launching a pilot program with our indirect service providers.

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KLA employees celebrate new product launch shipment

Advancing Supplier Inclusion & Diversity

We recognize that partnering with diverse suppliers, whose products and services meet KLA standards and customer requirements, is fundamental to ensuring our continued success and driving innovation. Our journey toward ever-increasing supply chain diversity began in 2015 when we launched our initial Supplier Inclusion and Diversity (I&D) program by tracking and reporting our spend with suppliers from traditionally underrepresented backgrounds to key customers.

Since then, we have continued to build the foundation for strong supply chain stewardship through the following milestones:

2019

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

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

2020

Initiated journey to increase supply chain diversity, consistent with a company-wide focus on putting inclusion first

- Became a Corporate Member of the [Western Regional Minority Supplier Development Council \(WRMSDC\)](#), providing access to diverse suppliers in their database

2021 & beyond

Continued to refine the **Supplier Inclusion & Diversity vision, program and expectations**

- Expanded our supplier education efforts through our [Supplier Inclusion & Diversity webpage](#)
- Increased the number of identified diverse suppliers
- We plan to increase visibility for Supplier Inclusion & Diversity through expanded internal procurement guidelines
- KLA's Supply Chain team aims to identify goals and metrics to begin tracking progress toward a more inclusive and diverse supply chain

KLA's Expectations for Suppliers & their Supplier Inclusion & Diversity Programs

Suppliers are encouraged to voluntarily notify KLA if they meet one of the recognized diverse supplier categories stated on our webpage, such as women-owned businesses or businesses owned by people from other underrepresented groups. KLA expects all diverse suppliers to obtain certification if they meet any of the applicable supplier diversity classifications above and maintain that certification. By maintaining certification, diverse businesses often increase their opportunities for new business and access to resources and support. If a supplier meets any applicable classifications, but has not yet sought certification, that supplier can promptly seek certification from a local or state government certifying agency as well as regional or national minority and women's business councils. For questions on how to obtain certification, please refer to our [website](#).

Discrimination against diverse suppliers is not tolerated at KLA. In addition, KLA expects its suppliers will not discriminate against diverse suppliers in their own supply chains and will treat them equal to other suppliers. Suppliers are expected to be transparent and not discriminate on the basis of race, color, national origin, ancestry, religion, sex (including pregnancy, childbirth, or related medical conditions), gender identity, gender expression, sexual orientation, marital or familial status, age, disability, genetic information, medical condition (cancer and genetic characteristics), veteran or military status, status as a victim of domestic violence, sexual assault or stalking, or other status or characteristic protected by applicable federal, state or local laws.

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“As part of our procurement strategy, it is critical that we have diversity of thought to drive innovation for our customers. At KLA, we recognize that expanding the diversity of who we do business with positions KLA in a place to better meet customer requirements. Aligned with our broader ESG strategy, we doubled down on our Supply Chain Sustainability Program. A key pillar of this program is to weave Supplier Inclusion & Diversity into the fabric of how we do business. It excites me to lead this journey for KLA and increase our collaborations with diverse businesses.”

John Proverbs
Head of Global Corporate Procurement

Products & Supply Chain: Keep Looking Ahead

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Understanding and Improving Product Energy Efficiency

We are prioritizing the need to generate and adopt innovation that will enhance our products' energy efficiency during use. To better understand our current baseline, we have established working groups across our businesses to segment KLA product groups, define best practice methodologies and assumptions for calculating energy consumption and gather more accurate data. Leveraging the [SEMI S23 Guide for Conservation of Energy, Utilities and Materials Used by Semiconductor Manufacturing Equipment](#), wherever possible we are measuring the energy consumption of our tools and components in our labs rather than relying on modeling or industry averages.

In 2022, we are exploring a product energy efficiency strategy that aims to: 1) integrate efficiency metrics into product development processes, 2) generate and adopt innovation that will enhance our products' energy efficiency during use, and 3) evaluate future climate goals addressing Scope 3 emissions.



Enhancing Our Supply Chain Sustainability Program

We will continue to implement and expand upon our Supply Chain Sustainability Program across the business and partner with our suppliers to minimize impact in key strategic areas such as human and labor rights, ethics, conflict minerals, inclusion and diversity and climate and energy.

In 2022, we aim to launch a pilot program to improve our engagement with KLA's indirect service providers, following RBA guidance.

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Our journey to shape a more sustainable future starts with the recognition that we need to adjust our way of doing business in response to urgent environmental challenges like climate change.

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



KLA's HQ2 campus in Ann Arbor, Michigan

Stewardship Priorities

Driving to be better is one of our core values at KLA. With ever-higher resolution inspection capability, KLA products enable the creation of next-generation chips capable of greater computational efficiency and performance. And by increasing customer yields, our products help customers save on materials, energy and waste. As we become more sophisticated in our sustainability efforts, we are committed to working with our partners across the value chain to continuously increase efficiency and reduce environmental impact.

We are also committed to making a difference in our own operations by developing robust environmental management systems, finding new ways to be more efficient with office and manufacturing space, and reducing our operational impacts on energy, greenhouse gas (GHG) emissions, water and waste. As we transition our global operations to 100% renewable electricity by 2030, we are exploring opportunities to decarbonize and enhance our long-term resilience with renewable energy, electrification and energy efficiency measures.

Through these efforts, we aim to demonstrate to stakeholders that we put our words into action. We are proud of our longstanding track record of not having any significant environmental fines or penalties over the past four years. Going forward, we will continue to look for ways to integrate environmental best practices into our company strategy, operations, product development and customer solutions.

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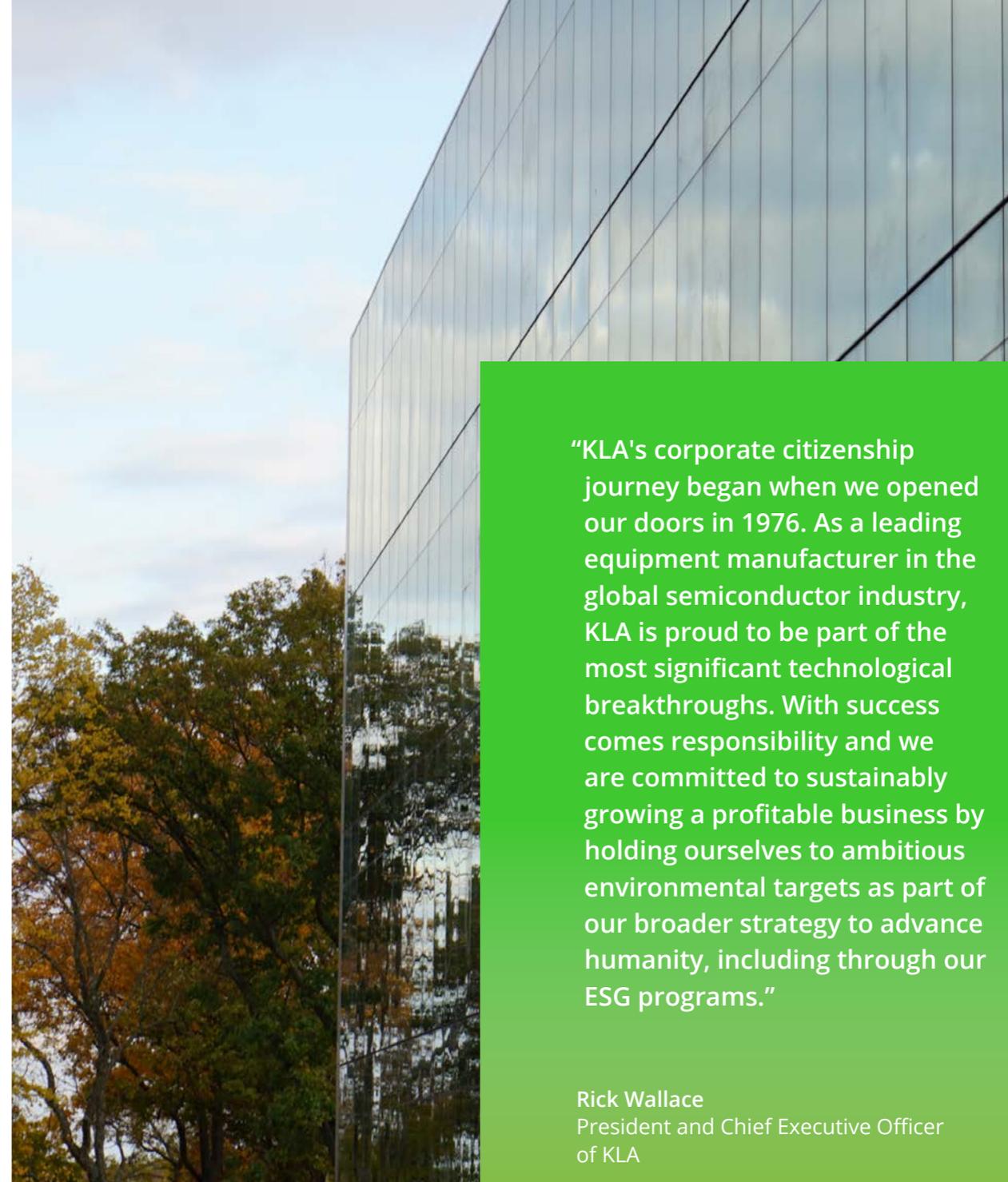
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“KLA's corporate citizenship journey began when we opened our doors in 1976. As a leading equipment manufacturer in the global semiconductor industry, KLA is proud to be part of the most significant technological breakthroughs. With success comes responsibility and we are committed to sustainably growing a profitable business by holding ourselves to ambitious environmental targets as part of our broader strategy to advance humanity, including through our ESG programs.”

Rick Wallace
President and Chief Executive Officer
of KLA

Climate & Energy

We know that unless society takes major action to curb carbon emissions, we will be facing a climate crisis. The [UN Intergovernmental Panel on Climate Change \(IPCC\)](#) has warned that if the planet continues to emit greenhouse gas (GHG) emissions at current rates, global warming will exceed 1.5 degrees Celsius temperature rise relative to the pre-industrial period in the next two decades² – which could cause catastrophic social, economic and environmental consequences. According to [the World Resources Institute](#), we must decrease global emissions by 50% by 2030 to avert the worst effects of climate change.

In 2021, KLA was proud to announce a new goal to use 100% renewable electricity across our global operations by 2030. With this goal, we are supporting the transition to a clean energy economy by working to set GHG emissions reduction targets and reporting climate-related information to stakeholders following the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). In addition, in this report we are announcing new targets to achieve a 50% cumulative reduction in Scope 1 and Scope 2 emissions by 2030 and net zero Scope 1 and Scope 2 emissions by 2050. We are measuring our Scope 1 and Scope 2 emissions in alignment with the World Resources Institute GHG Protocol Corporate Reporting Standard, and our Scope 1 and 2 emissions reduction targets have been set with reference to the Science Based Targets initiative’s Corporate Net-Zero Standard Criteria (published in October 2021).

² United Nations’ Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report: Mitigation of Climate Change

In 2021, **52%** of our electricity was sourced from renewable energy sources

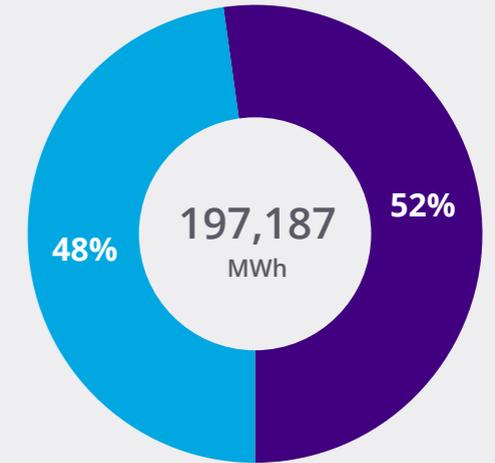
Regarding Scope 3 emissions, we are currently evaluating product energy efficiency opportunities and exploring a potential strategy to engage with our top suppliers around setting GHG emission reduction goals. These efforts will help inform the feasibility of setting a target to establish a pathway to reduce our Scope 3 emissions. We currently plan to provide an update on our Scope 3 strategy by the end of 2023.

Since 2018, we have continued to increase our procurement of electricity from carbon-free sources across our global operations year-over-year. In 2021, 52% of our electricity was sourced from renewable energy sources. This consisted of renewable energy from the grid and the purchase of Renewable Energy Credits (RECs). We are now moving forward with due diligence on our long-term renewables procurement strategy and have engaged with third-party consultants to further develop our action plan.

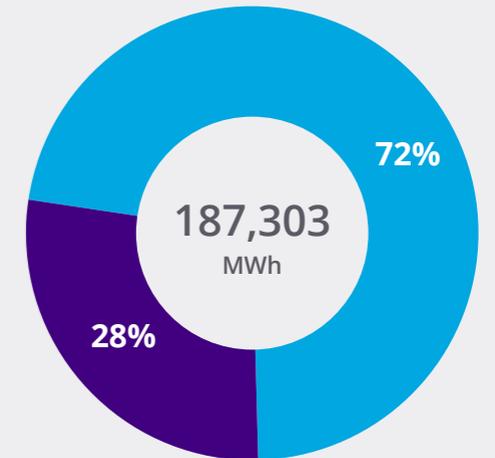
At the same time, we are working to conduct energy audits and improve efficiency across our sites. In 2021, despite continued growth in our business, we achieved absolute reductions in energy and emissions at several sites due to energy efficiency measures, such as installing LED lighting and tuning chillers, converting air conditioning systems to variable frequency drives and replacing conventional gas vehicles with hybrid models. We are working to expand these efforts worldwide as part of executing toward our renewable electricity goal.

Energy Mix

CY2021



CY2020



■ Low Carbon Energy
■ Conventional Energy

Our Climate Goals

Guided by the Science Based Targets initiative's Corporate Net-Zero Standard Criteria

Meet **SBTi-informed target to reduce Scope 1 and 2 emissions by 50%** by 2030 from our 2021 baseline and achieve net zero Scope 1 and 2 emissions by 2050



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



Establish feasible but **ambitious emissions reduction goals** for our own operations

Evaluate and announce progress toward the development of **Scope 3 emissions reduction goals** by the end of 2023¹



Measure our carbon footprint (Scopes 1, 2 & 3) and **report progress against targets** on an annual basis

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



¹ We will evaluate the potential for applying version 5.0 of the Science Based Target initiative's criteria, published in October 2021, to the formulation of any Scope 3 emissions reduction targets discussed above.



SBTi-informed Scope 1 & 2
GHG emissions target: reduce
by 50% by 2030

Greenhouse Gas Inventory

We continue to build on the comprehensive greenhouse gas (GHG) inventory we developed in 2020 by reporting across all emissions scopes, improving estimation methods for certain categories including Use of Sold Products (Scope 3), and expanding our datasets to encompass the completed acquisition and integration of Orbotech and SPTS divisions. Our GHG inventory aligns with the requirements of the World Resources Institute and World Business Council for Sustainable Development's [GHG Protocol](#) and is conducted on a calendar year cycle.

Scope of Our GHG Inventory

We define our organizational boundaries for the inventory using the Operational Control approach per the GHG Protocol guidelines. This approach involves collecting data and accounting for GHG emissions from sources over which we have operational control.

This includes 14 KLA "Super Sites" (compared with 11 such sites in 2020), numerous leased offices, warehouses, and other classes of facilities, company vehicles, and all equipment operated by KLA. We define a Super Site as KLA-owned or leased facilities where we have significant presence. We collect detailed data on operations at these locations for energy, water, waste, backup generators, vehicles, refrigerants and other emissions sources.

Scope 1

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

Scope 2

Indirect emissions from the generation of energy purchased and consumed by KLA, including the consumption of electricity across facilities from renewable and non-renewable sources. In our inventory, we calculated Scope 2 electricity emissions per the GHG Protocol Scope 2 location-based and market-based methods.

Scope 3

Relevant indirect emissions we calculated that occur across our value chain include:

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



Methodology Updates

As we improve our GHG inventory process, we aim to be transparent about changes in methodology or other modifications in our approach. Although we previously established 2019 as our base year for emissions reporting, in this report KLA has set 2021 as the new baseline year for GHG emissions targets to reflect a more comprehensive view of the impact of our integrated operations.

The primary reason for this change is because GHG data from the recently acquired SPTS and Orbotech were not fully included in the 2019 GHG inventory since the data systems were not yet integrated with KLA. Now that the acquisitions have been completed, we are able to include the additional GHG data and provide a more accurate measure of KLA's total carbon footprint. While these changes result in a net increase in overall energy use for KLA, we are on track relative to our goal to source 100% of our electricity from renewable sources by 2030.

Inventory Results

KLA continues to experience significant business growth, with revenues increasing from \$6.1 billion in 2020 to \$8.2 billion in 2021. We also added over 2900 employees, opened new facilities and increased the number of tools in use worldwide. As our business grows, we are enabling our customers while remaining focused on our climate goals.

Successful emissions reduction performance starts with accurate, credible GHG measurement. We recently completed our first limited third-party verification of the 2021 GHG inventory for Scopes 1 and 2, Scope 3 business travel, and our renewable energy progress. For more information, please see the [Verification Statement](#) in the Appendix.



Our combined Scope 1 and 2 market-based emissions were 48,321 metric tons of CO₂ equivalent units (MTCO₂e), 8% higher than in 2020. The increase was primarily due to the addition of more complete data from our SPTS and Orbotech division sites that was not available in prior years.

Other factors included improved data detail, availability, and category revisions of leased properties, which resulted in a more accurate representation of energy use in those facilities. We also obtained more robust data on mobile emissions sources.

As Scope 3 comprises the vast majority of our emissions, we continue to improve upon our data collection, analysis and estimation methodologies. Emissions resulting from business travel (Scope 3) were 10,789 tons (MTCO₂e) in 2021, compared with 11,548 tons in 2020. One reason for the decrease is because business travel was still very limited in 2021, and the 2020 figure includes 'pre-pandemic' travel in early 2020, which was at a much higher rate.

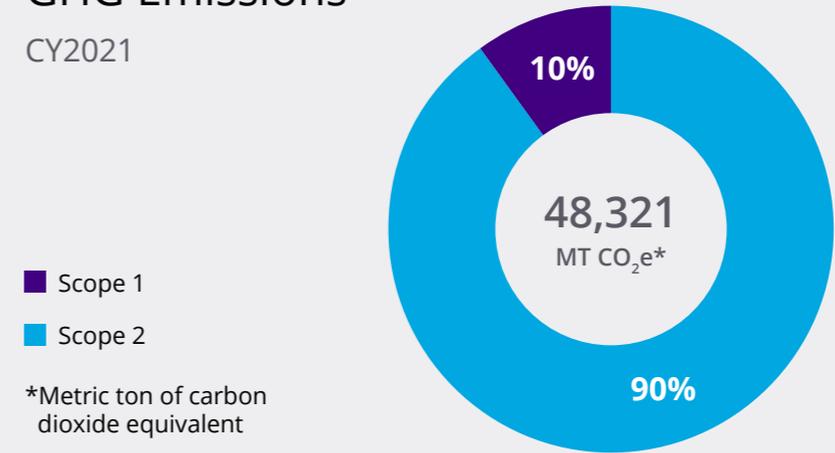
The 2021 inventory includes expanded data from the SPTS division, as well as additional ground transportation sources such as train data which was not readily available the prior year. However even with the additional data sources for business travel, the pandemic has continued to affect corporate travel worldwide which also impacts GHG emissions.

Employee commute emissions increased significantly due to employees returning to work sites and the inclusion of employee work-from-home emissions that were not estimated during 2020.

Due to these factors and other methodology changes, an accurate year-on-year comparison is not applicable, so we have visually presented only 2021 data in the charts shown here. We intend to present year-on-year performance in future reports. For more detailed information on our GHG Inventory, please see our [2022 CDP Climate Change report](#).

KLA Scope 1 & 2 Market-Based GHG Emissions

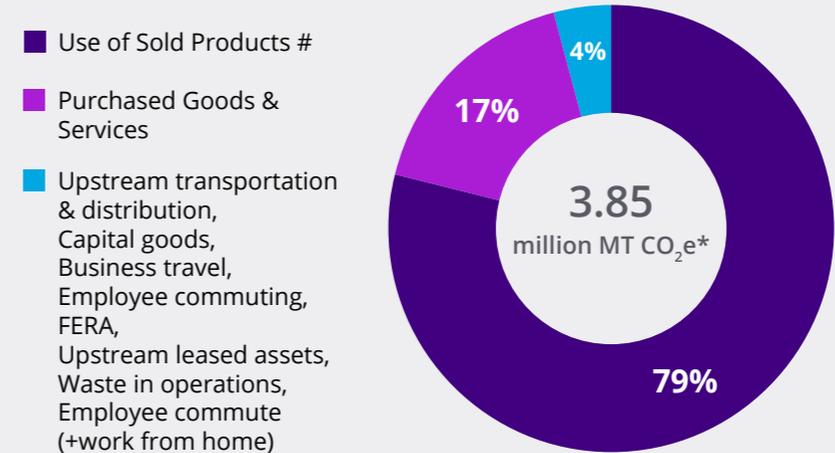
CY2021



*Metric ton of carbon dioxide equivalent

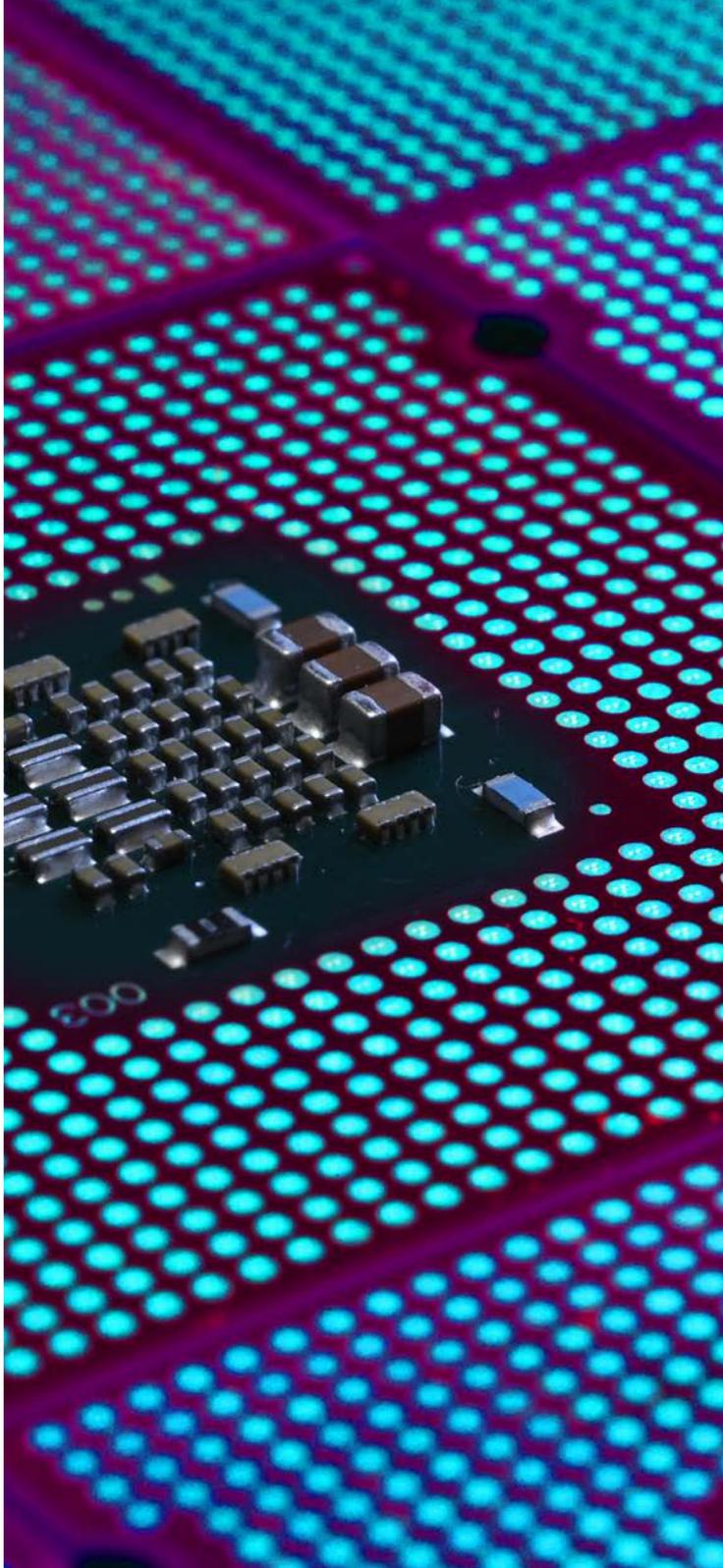
KLA Scope 3 GHG Emissions

CY2021



*Metric ton of carbon dioxide equivalent

The use of sold products denotes the combined total emissions from products sold during a reporting year (including emissions from the technology's estimated energy draw in customer fabs and chemicals and gases used in operation), estimated over the average lifetime of those products.



A Better Way to Measure Product Emissions & Efficiency

Across our portfolio, we build KLA products to last—the estimated average lifespan of a KLA product is over 20 years in operation. To more accurately calculate the environmental impact of our tools during use, we established working groups across our businesses that completed rigorous evaluations using SEMI S23 guidelines to measure total energy use across the lifecycle of each product family.

The results give us better insight into lifecycle impacts including the provision of clean and dry air, nitrogen, exhaust, vacuum and ultrapure water, going beyond previous measurements focused solely on direct electricity use. We are further improving our testing cycles and processes to align with evolving industry standards.

Consequently, our revised carbon footprint methodology measures the energy use of our products more accurately. We also fine-tuned energy use estimates by using destinations for product shipments, which provides a more accurate representation of the electricity grids in those locations.

Please see the [Products & Supply Chain: Keep Looking Ahead](#) section of this report for more information on our plans to utilize this data in 2022 as we work to improve product energy efficiency.

Climate Risk Management

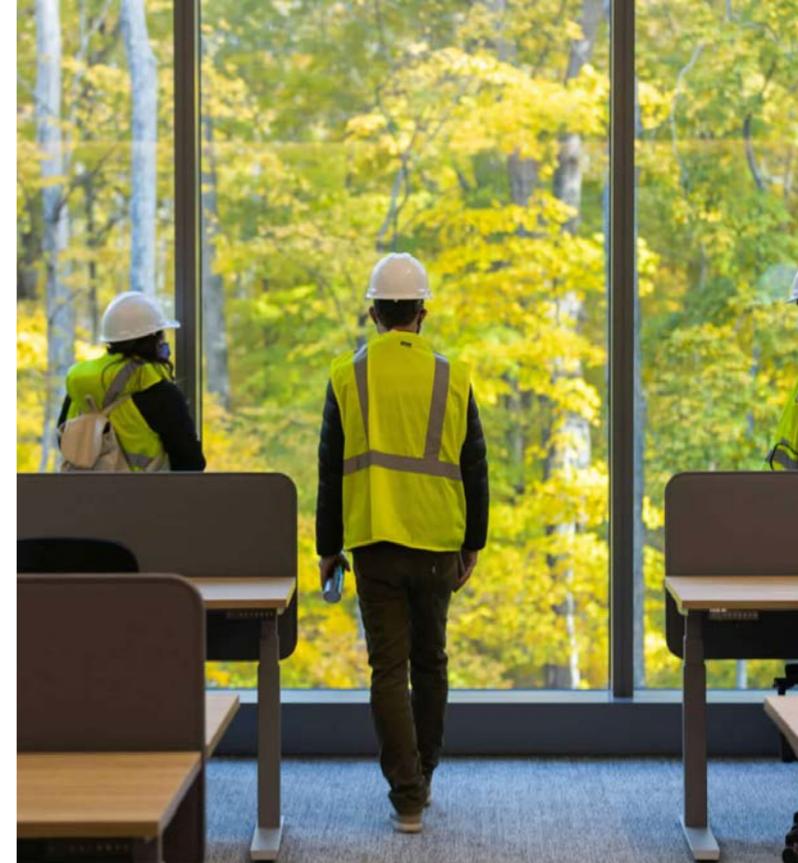
Climate-related issues are monitored by the Nominating and Governance Committee of the Board, Chief Strategy Officer, ESG Steering Committee and the Global ESG Leader.

We have developed a climate-specific risk and opportunity assessment process that takes into consideration the recommendations of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) and supports annual disclosures on climate governance, strategy, risk management, and metrics and targets.

In 2021, we conducted our first in-depth climate risk and opportunity assessment that included potential physical and transition risks and opportunities across the global enterprise and value chain. Through research and stakeholder engagement, we identified climate-related risks and opportunities, as defined by TCFD risk types and classifications, with the potential to impact the business. Key senior leaders and subject matter experts were engaged to assess their relevance to the business and prioritize them based on potential impact, likelihood and vulnerability assessments. Through this process, we did not identify any climate-related risks or opportunities that we currently anticipate would have a potential substantive impact on the business. However, information gathered during the assessment process will be used to inform adjustments to our company strategy and management plans, including leveraging opportunities to enhance our long-term

resilience, reduce resource use, enhance customer impact and support our transition to a low-carbon economy.

Initial results are also being used to evaluate opportunities to enhance our annual climate risk and opportunity assessment and disclosure processes, including identifying and scoping financial and operational scenario analyses to further enhance and validate qualitative assessment results. For more information, please see our annual [CDP Climate Change Report](#), and our [TCFD Index](#) at the back of this report.



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

John McLaughlin
Global ESG Leader

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Materials, Waste & Water

Materials & Waste

Our goals in 2021 were to continuously improve our use of materials and reduce waste across our sites. Millions of pounds of recyclable materials have been diverted away from local landfills as a result of these efforts. Each site has specific programs in place to achieve these objectives, and each has a role to play in the process.

In Milpitas, we achieved an 94% rate of waste diverted away from landfills, outperforming our 2020 rate. In Singapore, we diverted 71% of waste away from the landfill, in line with our 2020 rate. And in Migdal HaEmek, Israel, we reduced solid waste over 2020 levels by 11.6%, normalized for production.

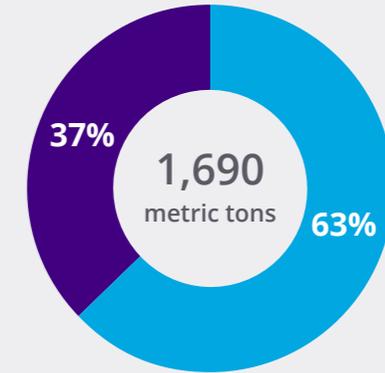
We are constantly looking for new and improved ways to package our finished goods, parts, and spares in order to reduce waste. By utilizing reusable crates, we reduce the volume of raw materials used in crate manufacturing and save costs.

Hazardous materials and waste at KLA are managed per local regulations and in compliance with all requirements. We continually look for ways to reduce our waste generation and improve recyclability of all waste streams. KLA is not a large generator of hazardous waste, yet we seek out opportunities to eliminate this type of waste wherever possible. We maintain waste programs for recyclables, hazardous and non-hazardous waste, universal waste (batteries, lamps, aerosol cans), wastewater, packaging and others. All employees involved in handling and/or managing hazardous materials and waste are required to be trained in accordance with federal, state and local regulatory requirements.

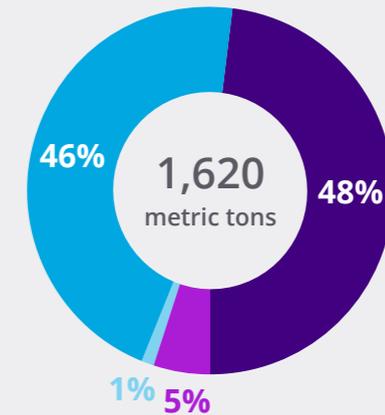
From 2020 to 2021, we increased the amount of waste recycled by **43%** and decreased the amount of waste sent to landfill by **20%**

Waste by Destination

CY2021 Waste* by Destination



CY2020 Waste* by Destination



- Recycled
- Landfilled
- Diverted for energy use
- Composted

*Non-hazardous waste only

Water

We reduced our total water withdrawal by **1.1%** from 2020 to 2021 while experiencing significant business growth.

Water is an increasingly critical resource around the world. KLA is taking innovative approaches across its sites to reduce water demand and reliance on fresh water sources.

For example, Singapore maintains 75% usage of domestic wastewater (NEWater) cleaned through reverse osmosis which can be used for industrial purposes such as cooling towers and landscaping. Israel freshwater usage has decreased by 2% over 2016 levels, achieving a 15.7% reduction in water consumption per employee over 2020.

In Milpitas, we are using 9% more recycled water compared to our 2018 baseline. For more information on our actions with regards to water, please see our CDP Water Security Report available on our [ESG webpage](#).

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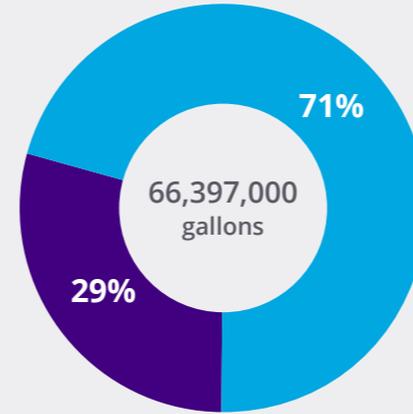
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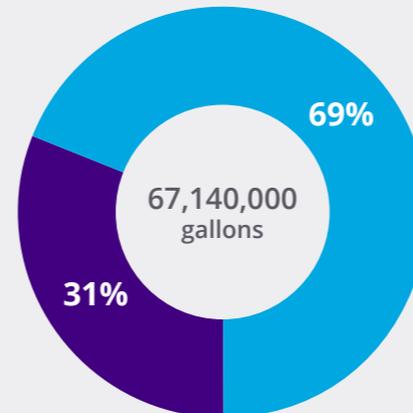
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Total Water Withdrawals

CY2021



CY2020



■ Municipal water ■ Recycled water

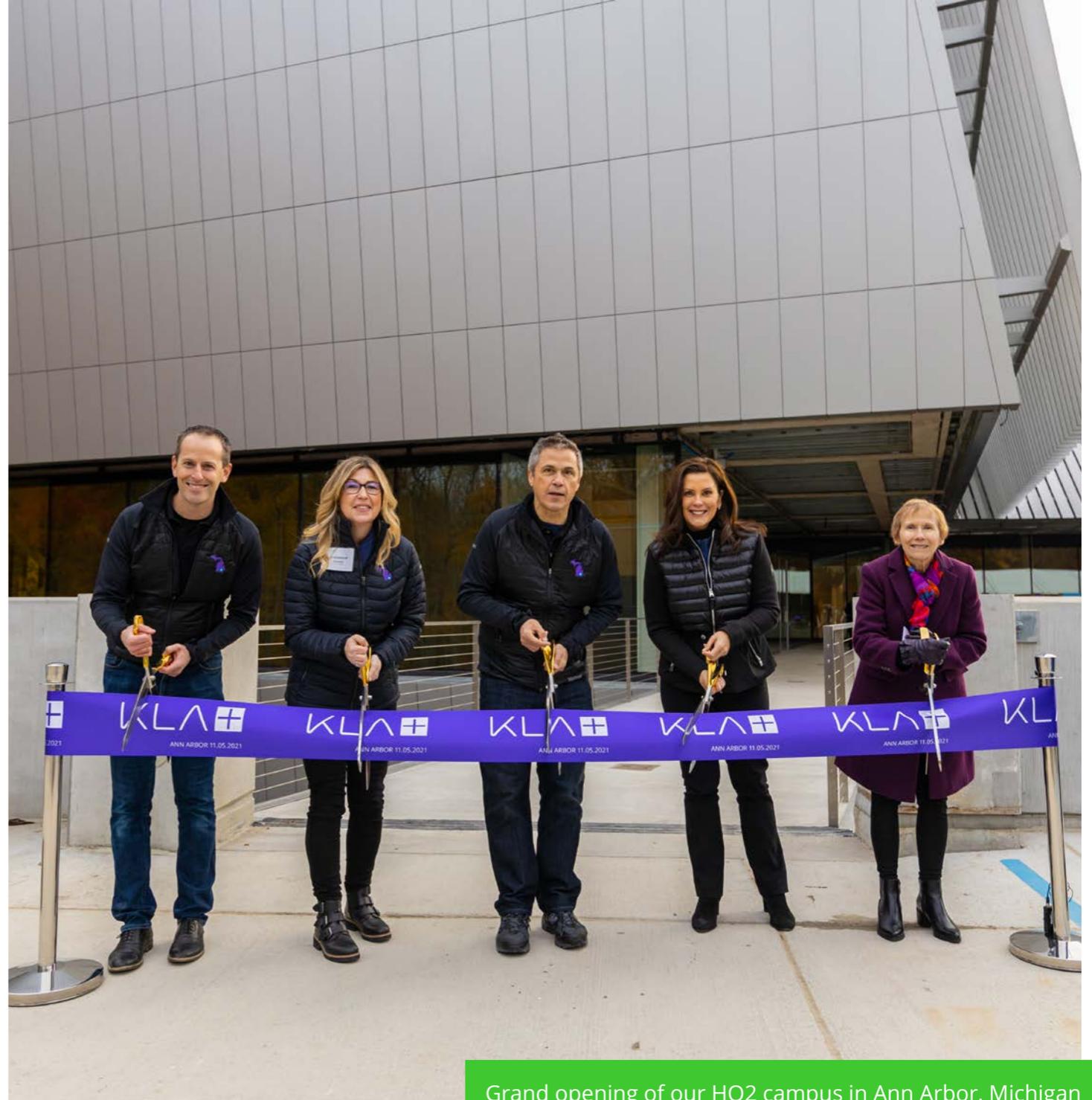


Built for Sustainability: New Campuses Reinforce Green Building Practices

A commitment to environmental health and sustainability is a priority at KLA, and perhaps nowhere is this demonstrated more than in the construction of our new offices. As our cleanroom facilities expand, we will continue to incorporate sustainability principles into the design of new buildings.

The Ann Arbor campus, which opened in late 2021, was developed via an end-to-end, low-impact design (LID) approach, prominently featuring advanced environmental protection and energy efficiency. Interior highlights include the widespread use of green and sustainable materials and low-flow plumbing fixtures. All HVAC systems, crucial to the success of the cleanroom, employ energy recovery wheels and other efficient measures. Our chilled water systems were optimized to be able to turn off the chillers in the winter months by using the cooling towers alone.

We also invested in underground parking to minimize tree removal, as well as a green roof to improve energy efficiency while also removing CO₂ from the atmosphere.



Grand opening of our HQ2 campus in Ann Arbor, Michigan

Environment: Keep Looking Ahead

NEXT STEPS IN 2022 AND BEYOND

Over the next two years, we will continue to implement our strategy to roll out a global EHS management system and expand ISO 14001 and ISO 45001 certification to include the majority of our production and R&D facilities. These ISO standards will support the development of a more systematic approach to environmental management that will enhance data accuracy and consistency across the business—a core EHS strategic objective.

KLA's 2022 announcement of a \$1.5 billion, five-year sustainability-linked revolving credit facility that ties financial performance to environmental goals further reinforces our commitment to integrating ESG programs and goals into our core business operations. Our progress will be measured on achieving goals of increased usage of renewable electricity within our operations and reduction in Scope 1 and 2 emissions.

In 2022, KLA also announced a new SBTi-informed target to reduce Scope 1 and 2 emissions by 50% by 2030 from our 2021 baseline and a target to achieve net zero Scope 1 and 2 emissions by 2050.

To advance our efforts to address Scope 3 emissions, we are currently exploring a potential [product energy efficiency strategy](#) as well as a strategy to engage with our top suppliers around setting GHG emission reduction goals. This work will inform the development of future Scope 3 climate goals.

KLA will continue to engage in ESG and climate-related industry efforts and is participating in several SEMI climate initiatives. We will also continue to work on developing additional reduction targets for water, energy and waste throughout our own operations and will share our methodologies as they are finalized.

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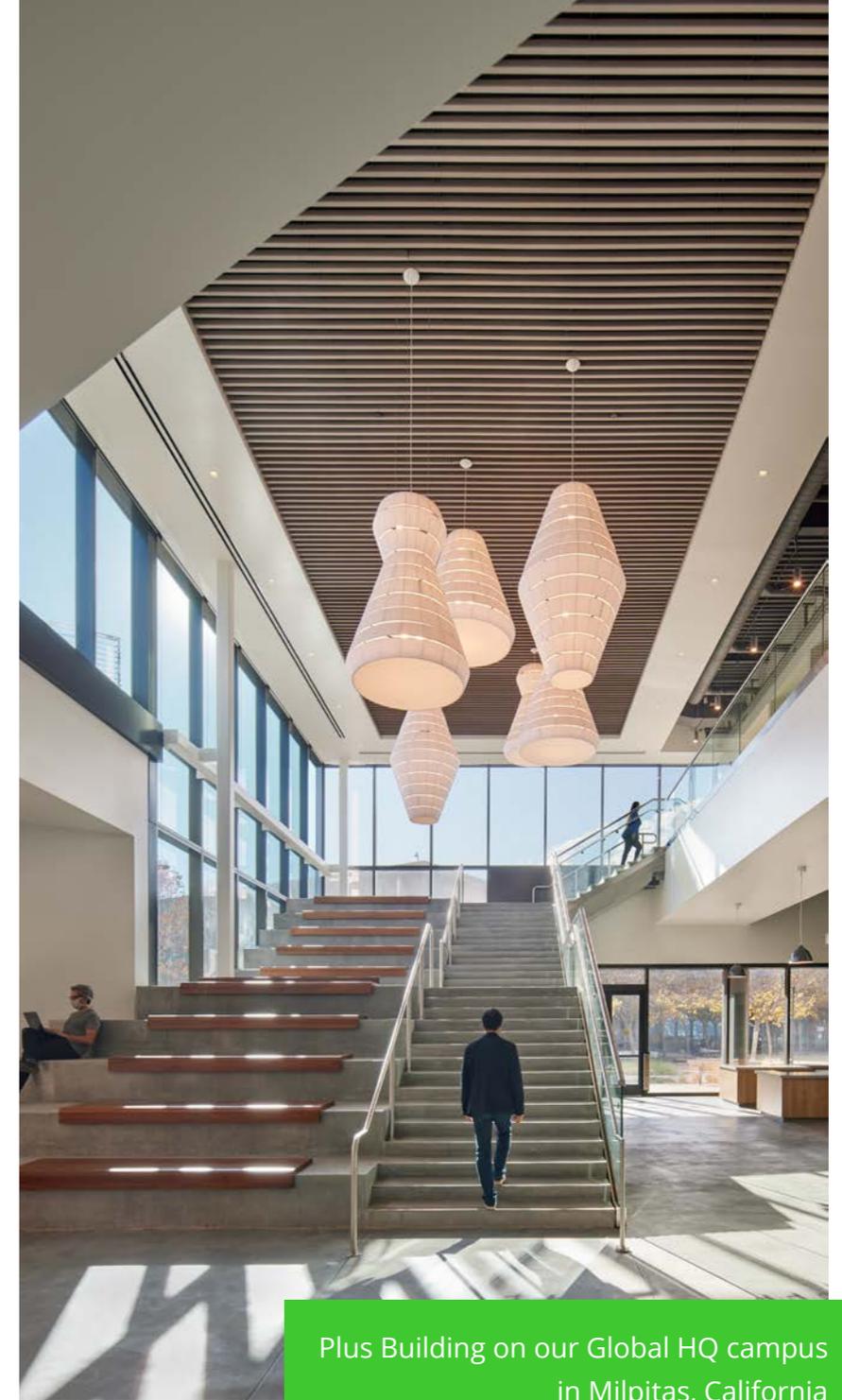
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Plus Building on our Global HQ campus
in Milpitas, California

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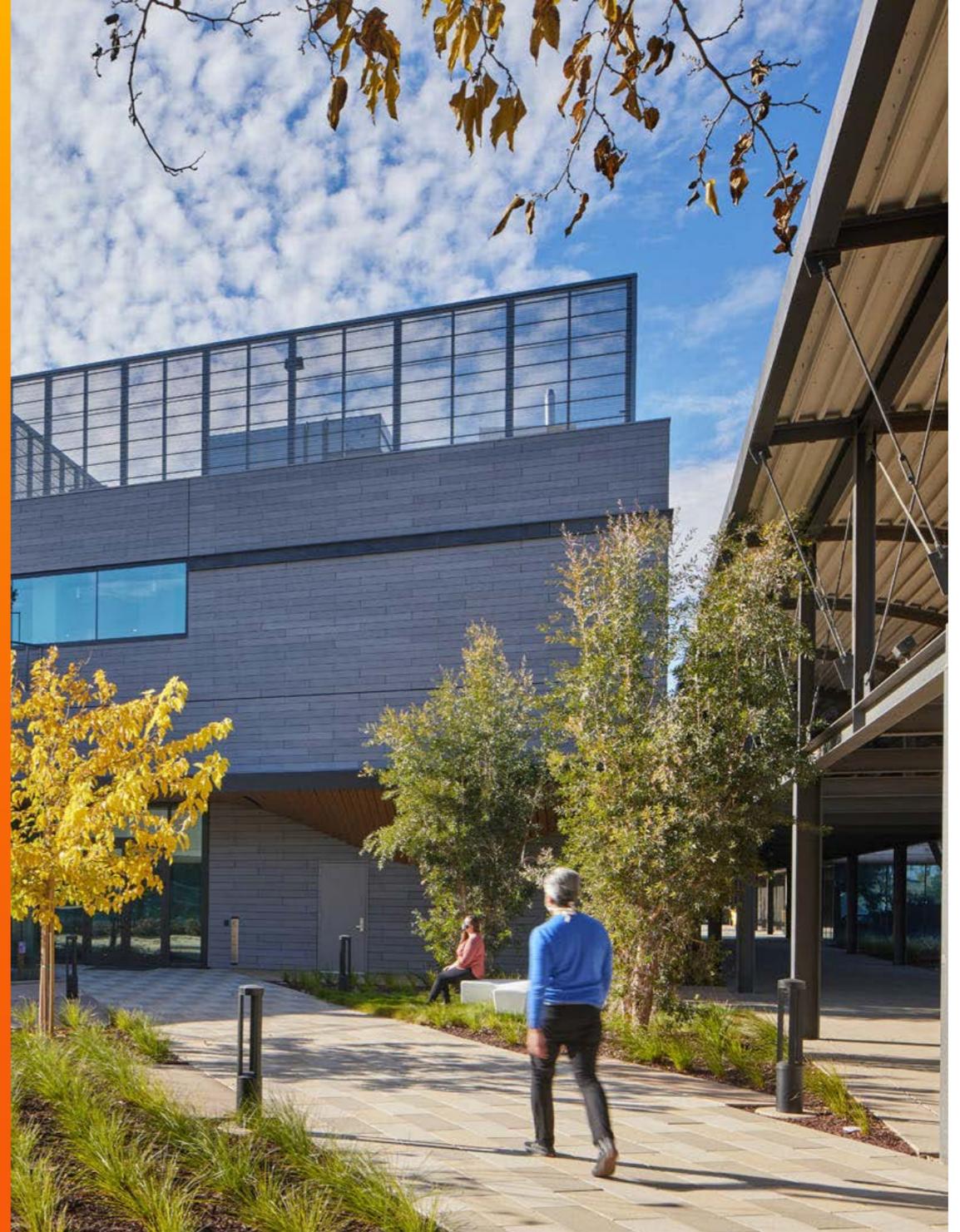
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Inspired by our values, we celebrate a corporate culture that's built on honesty, consistency, and a persistent drive to be better.

Governance and Ethics at KLA is more than policymaking or having the right systems in place to establish the rights of our people and the responsibilities of our leadership. We view Governance and Ethics as an opportunity to continuously embrace our core values, build trust, and live up to our stakeholders' expectations.



Corporate Governance & ESG

Being a successful global business means more than developing innovative solutions for our customers and delivering strong financial returns for our shareholders. At KLA we believe that to be truly successful, a strong commitment to corporate responsibility and consistent, fair business practices is essential.

What Does Governance Entail?

Put simply, governance is about ensuring we run our business responsibly and ethically—through specific policies, rules, and processes for corporate accountability, transparency, fairness and responsibility. We put a high priority on governance at KLA because it enables us to create results that are meaningful to all stakeholders, from our customers to our investors to the employees who drive our business.

How Does Governance Work at KLA?

At KLA, governance is closely aligned with our efforts to Advance Humanity. Many of the practices and policies we have established are designed to meet regulatory standards while others are intended to achieve specific corporate goals or ESG targets.

KLA is governed by a Board of Directors, 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.

	<p>AUDIT COMMITTEE</p>
	<p>COMPENSATION AND TALENT COMMITTEE</p>
	<p>NOMINATING AND GOVERNANCE COMMITTEE</p>

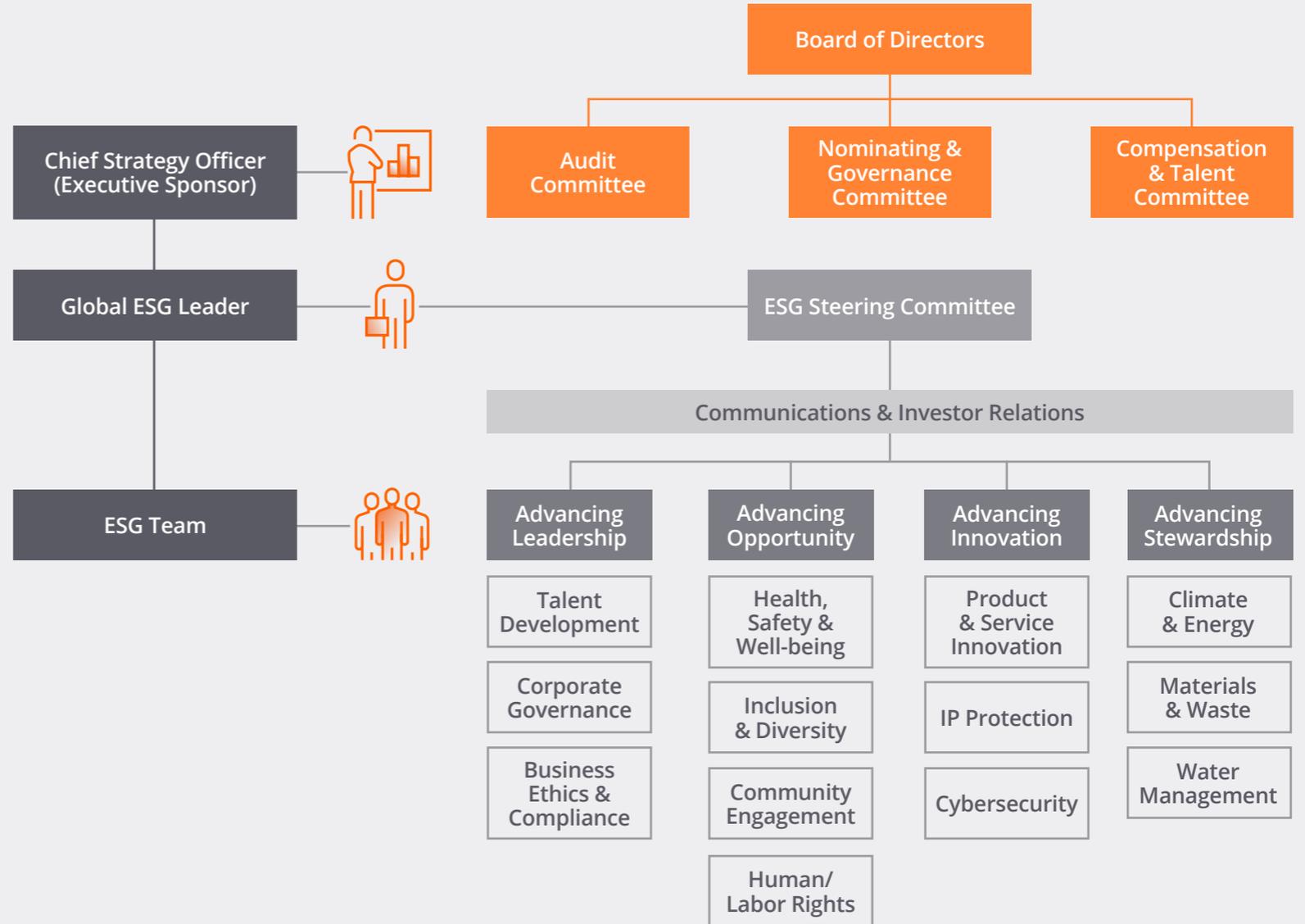
Management is responsible for updating the Board and its committees on KLA operations, employees, customers and suppliers.

Prioritizing ESG

To ensure Board-level engagement and prioritization of ESG issues, the ESG Steering Committee receives oversight from the Nominating and Governance Committee. The Committee is responsible for monitoring KLA's policies, programs and results related to environmental stewardship, corporate citizenship, human rights, and other social and public matters of significance to KLA. ESG oversight was added to the Committee's charter in 2021, in response to stakeholder input.

The ESG Steering Committee is comprised of leaders from across the business and is responsible for creating strategies and cross-functional programs and initiatives to achieve our ESG goals.

ESG Governance at KLA



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Working ethically and complying with our legal obligations have always been central to the way we conduct business at KLA. We continuously strive to create and maintain an ethical and legally compliant culture where everyone is aligned around KLA values, policies and procedures. That means continually assessing and maturing our ethics and compliance programs to reflect the hallmarks of an effective compliance program, considering an ever-changing regulatory and business environment.

Compliance Structure

KLA's Chief Compliance Officer updates the Board's Audit Committee and the CEO's staff on a quarterly basis on current and emerging issues. These updates are informed by the outcomes of our Compliance Effectiveness Program (CEP): regular risk assessments that determine KLA's most significant legal and regulatory risks, on a real-time basis as laws and the business environment change.

KLA's Horizon Committee, comprised of KLA's Chief Legal Officer, Chief Human Resources Officer, Chief Strategy Officer and Chief Financial Officer, conducts regular risk reviews of KLA's legal entities operating outside of the United States to identify ethics and compliance risks and opportunities to enhance our compliance programs. In 2021, KLA conducted a review of its Belgium and Germany sites, and in 2022 we plan to conduct reviews of sites in the United Kingdom, Japan and India.

Leadership Commitment

KLA's Board of Directors and executive management are committed to building, maintaining and monitoring KLA's ethics and compliance programs. To underscore this commitment, we devoted additional resources to our ethics and compliance group. In 2021, KLA's leadership facilitated several new high-level hires, made significant investments in an investigation case management system, and implemented IT enhancements to mitigate trade compliance risks.

KLA's senior management also realizes that their actions nourish a culture of high ethical standards and practices. By regularly asking questions, seeking guidance, raising issues and re-emphasizing important ethics and compliance messages with employees, executive management strives to be a role model for ethical behavior at KLA.

Engaging Our Employees

We rely on our employees to behave ethically and comply with our ethics and compliance programs. Their performance in upholding KLA's values is part of the annual performance review process, and each year every employee must acknowledge that they have read, understood and will comply with the [Standards of Business Conduct](#).

As part of our efforts to continually monitor employee compliance with KLA policies, we initiated a first-ever Annual Compliance Disclosure process in which approximately 2400 employees were asked to certify that they have complied with specific aspects of KLA's Standards of Business Conduct and/or disclose any noncompliance. The results of this process were reported to the Audit Committee in August 2022.

Whistleblower Policy

KLA's whistleblower and investigation programs bolster our monitoring programs. We issued a new Whistleblower Policy in 2021, and our whistleblower hotline, [EthicsPoint](#), is regularly used by employees to raise issues. In 2021, we conducted close to 60 investigations, resulting in 9 terminations and the implementation of other remedial actions. We take the learnings from investigations and continuously improve our programs.

Trade Compliance

In 2021, global trade compliance issues continued to be a major focus confronted by KLA's ethics and legal compliance team, particularly with the ongoing China-U.S. trade conflict. The complexity of trade issues has continued into 2022, with Russia's invasion of Ukraine presenting new compliance challenges.

KLA has hired several new trade compliance specialists to address this changing landscape, devoted resources to enhance its IT infrastructure and related trade compliance controls, and conducted independent assessments of our trade compliance controls.

Anti-Bribery & Corruption

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

Given the breadth of KLA's operations, we maintain a robust anti-bribery and corruption compliance program comprised of:

- Policies strictly prohibiting employees and third parties with which KLA does business from engaging in any form of corruption
- Standalone anti-bribery and corruption training course for a targeted audience of approximately 6000 employees, and ad hoc training for other employees and third parties
- Training for all employees through KLA's Standards of Business Conduct training course
- Risk-based anti-corruption due diligence on third parties, with the assistance of specialized third-party due diligence firms
- Continual monitoring and auditing of employees and third parties to identify potential corruption



Cybersecurity & IP Protection

At KLA, we have been a part of the most significant technological breakthroughs of our time. Protecting the intellectual assets that we create and manage every day enables the innovations that advance humanity tomorrow.

In the constantly shifting landscape of cybersecurity risks, staying vigilant has never been more crucial. Protecting data for our customers, partners and company is central to our goal to be a responsible, sustainable enterprise.

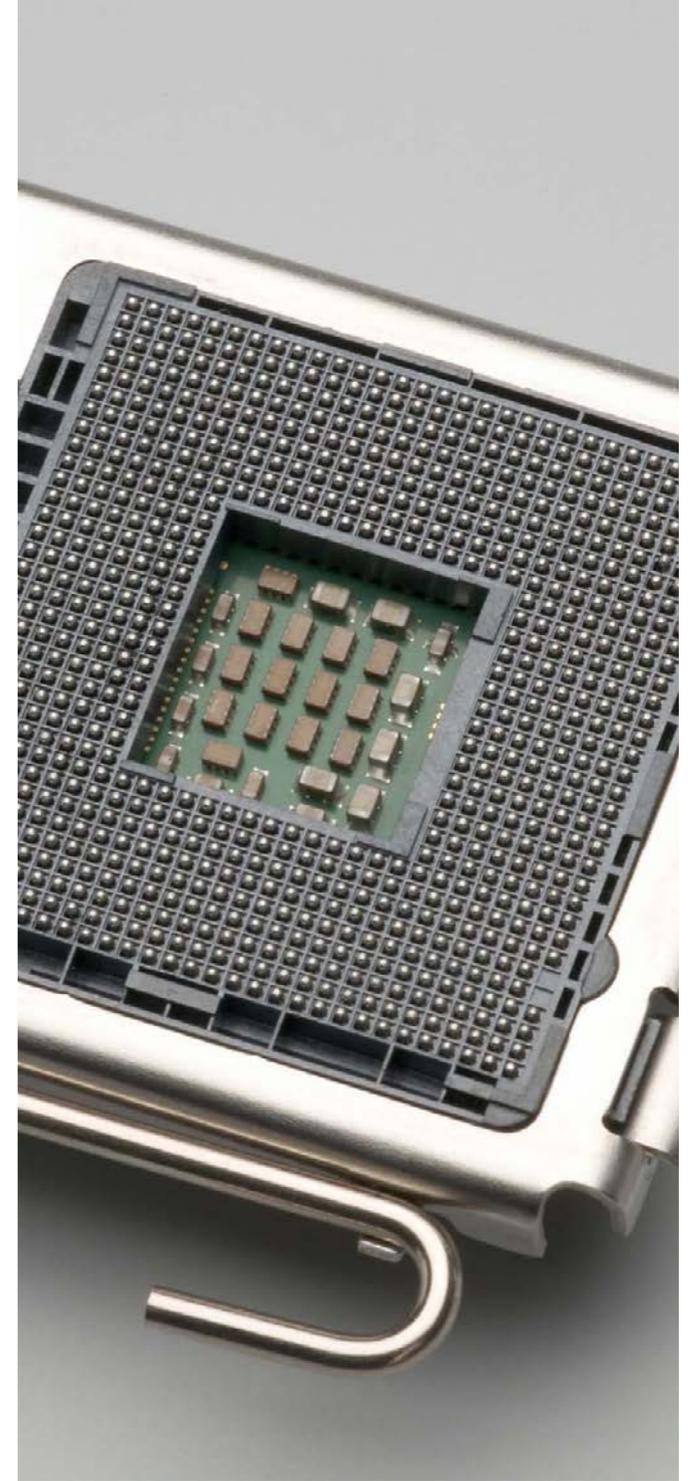
Corporate Oversight of Cybersecurity

Our executive management team and Board of Directors fully endorse the efforts of the Cybersecurity team to set the strategy for data protection at KLA. Headed by KLA's Chief Information Security Officer, the team reports directly to the KLA Chief Strategy Officer and communicates regularly with the executive management team and KLA Board. Quarterly updates to the Board include ongoing initiatives, new or emerging cybersecurity threats, incidents that may need to be escalated, as well as preemptive measures regarding external cybersecurity events reported in the media.

Continuous Learning & Improvement

In a world where digital information is virtually everywhere, understanding how data can quickly become compromised is key. All employees at KLA have a role to play in protecting our intellectual assets.

As part of our ongoing cybersecurity training, employees learn about the KLA's extensive data policies—from governing email use and mobile access to our network to the KLA Open Source Policy. Every division has an IP Scorecard that tracks the completion rate of cybersecurity training for their group. Intellectual property champions across the company follow up to ensure the successful completion of training.



Protecting Customer Data

Our customers expect that KLA can meet or exceed their security standards. We undergo regular assessments from our customers to articulate how we address their security requirements. An independent assessment called Security Scorecard monitors our environment and provides an objective evaluation that customers appreciate.

Industry Monitoring

We regularly monitor emerging legislation or regulatory requirements that may affect our business. We carefully evaluate any potential security requirements when we consider integrating new companies into the enterprise. Newly acquired business units must be compliant with our cybersecurity policies upon connection to the KLA network.

2021 Highlights

Cybersecurity strategic initiatives for 2021 focused on three key areas:

Ransomware

The threat of malware and ransomware continues to rise for corporate entities worldwide. At KLA, we implemented new measures in 2021 to protect our company from this threat. Through our enterprise vulnerability management system, we began conducting more extensive scanning of our network perimeters to reduce external threats and catch possible risks proactively. We also initiated new, independent assessments with external security firms to help monitor and assess our environment.

Cyber Exercises

To help prepare for any potential security breach, we conducted “cyber exercises” to simulate our response in the event of a widespread security breakout.

Compliance

The legislative side of cybersecurity and IP protection is in constant motion, globally. KLA closely monitors emerging legislation to be prepared for compliance, as needed.



Governance & Ethics: Keep Looking Ahead

NEXT STEPS IN 2022 AND BEYOND

KLA is monitoring legislative and regulatory activity as ESG governance and reporting standards are developed, including SEC rules on ESG reporting and climate-related risks and similar regulations in other markets. In the interest of preparing to meet regulatory requirements and meeting shareholder expectations, we continue to improve our reporting platforms and increase disclosures in accordance with ratings standards including the Global Reporting Initiative, Dow Jones Sustainability Index, and CDP.

KLA will conduct an Ethical Culture Assessment in 2022, in partnership with Ethisphere, as we did in 2020. This assessment will provide important feedback about employee awareness of KLA's ethics and compliance programs, comfort in raising and reporting issues, views on organizational justice, among other topics, to determine our progress since the 2020 assessment.

In the year ahead, we will continuously improve our efforts to protect one of our greatest competitive advantages: our intellectual assets. We are increasing our focus on protecting sensitive information for the company by creating cross-company task forces to reinforce our expectations for data security with all employees. In addition, we are continuing to monitor and prepare for new legal requirements and potential regulatory changes regarding cybersecurity issues.

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KLA Executive Team

From left to right:

Rick Wallace – President and CEO

MaryBeth Wilkinson – EVP, Chief Legal Officer and
Corporate Secretary

Bobby Bell – EVP and Chief Strategy Officer

Oreste Donzella – EVP, Electronics, Packaging and Components

Bren Higgins – EVP and Chief Financial Officer

John Van Camp – EVP and Chief Human Resources Officer

Ahmad Khan – President, Semiconductor Process Control

Brian Lorig – EVP, KLA Global Services

Ben Tsai – Chief Technical Officer and EVP, Corporate Alliances

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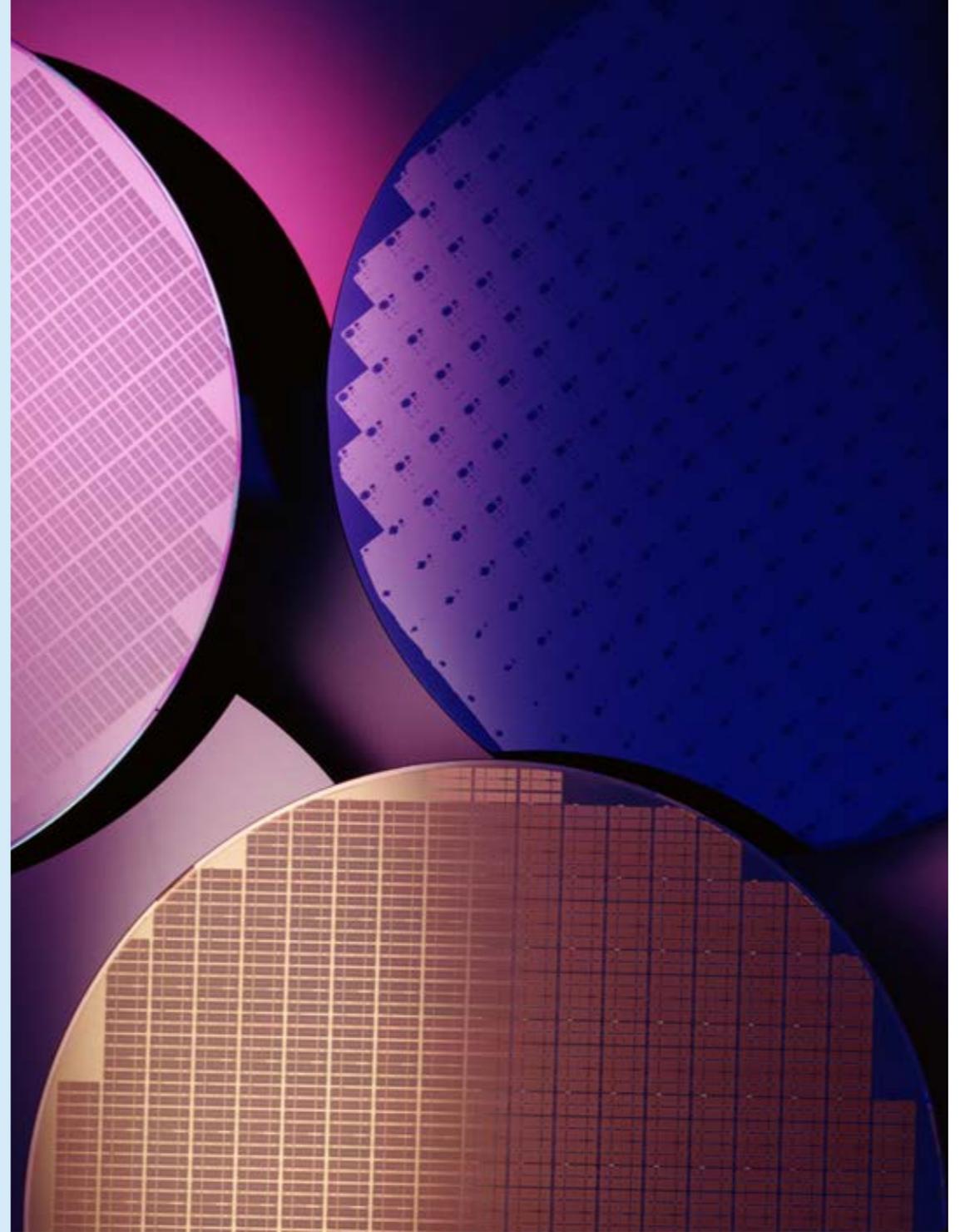
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KLA 2021 GRI & SASB Index

Standard	Disclosure	Description	Location/Response
General Disclosures			
Organizational profile			
	102-1	Name of the organization	KLA Corporation (KLA 2021 Annual Report, PDF page 9)
	102-2	Activities, brands, products and services	KLA 2021 Annual Report, PDF page 17-20
	102-3	Location of headquarters	Milpitas, California (KLA 2021 Annual Report, PDF page 9)
	102-4	Location of operations	www.kla.com/locations
	102-5	Ownership and legal form	KLA 2021 Annual Report, PDF page 9
	102-6	Markets served	KLA 2021 Annual Report, PDF page 25
	102-7	Scale of the organization	KLA Company Overview
	102-8	Information on employees and other workers	KLA Company Overview
	102-9	Supply chain	KLA 2021 Annual Report, PDF page 26-27
	102-10	Significant changes to the organization and its supply chain	KLA 2021 Annual Report, PDF page 15
	102-11	Precautionary Principle or approach	KLA 2021 Global Impact Report, Understanding and Improving Product Energy Efficiency; Stewardship Priorities; Climate & Energy; Materials, Waste & Water
	102-13	Membership of associations	Responsible Business Alliance; SEMI; The Semiconductor Environmental Safety and Health Association

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Standard	Disclosure	Description	Location/Response
General Disclosures			
Strategy			
102-14		Statement from senior decision-maker	KLA 2021 Global Impact Report, Message from the CEO
102-15		Key impacts, risks and opportunities	KLA 2021 Global Impact Report, Our ESG Strategy
Ethics and integrity			
102-16		Values, principles, standards and norms of behavior	KLA 2021 Global Impact Report, Our Values
102-17		Mechanisms for advice and concerns about ethics	KLA 2021 Global Impact Report, Business Ethics & Compliance ; KLA Standards of Business Conduct ; Supplier Standards of Business Conduct
Governance			
102-18		Governance structure	KLA 2021 Proxy Statement, PDF page 11-15
102-19		Delegating authority	KLA 2021 Global Impact Report, Corporate Governance & ESG
102-20		Executive-level responsibility for economic, environmental, and social topics	KLA's chief strategy officer has executive-level responsibility for economic, environmental and social topics. The chief strategy officer interfaces directly with KLA's CEO and Board of Directors to align on corporate sustainability strategy and programmatic progress.
102-21		Consulting stakeholders on economic, environmental and social topics	KLA 2021 Global Impact Report, ESG Materiality Assessment ; Community Engagement
102-22		Composition of the highest governance body and its committees	KLA 2021 Global Impact Report, Corporate Governance & ESG

Standard	Disclosure	Description	Location/Response
General Disclosures			
	102-23	Chair of the highest governance body	Chairperson of the Board. The positions of Chairperson of the Board and Chief Executive Officer may be held by the same person; provided however that in the event that the Chief Executive Officer or another employee of the Company is serving as the Chairperson of the Board, the independent directors of the Board shall designate a lead independent director with such duties and responsibilities as shall be determined by the Nominating and Governance Committee of the Board. (KLA Corporate Governance Standards, 11/4/2021)
	102-24	Nominating and selecting the highest governance body	KLA 2021 Global Impact Report, Corporate Governance & ESG ; KLA 2021 Proxy Statement, PDF page 10, 14-15
	102-25	Conflicts of interest	KLA 2021 Global Impact Report, Business Ethics & Compliance ; KLA Standards of Business Conduct; KLA 2021 Proxy Statement, PDF page 25
	102-26	Role of highest governance body in setting purpose, values and strategy	KLA 2021 Global Impact Report, Corporate Governance & ESG
	102-29	Identifying and managing economic, environmental and social impacts	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-30	Effectiveness of risk management processes	KLA 2021 Global Impact Report, Environment ; KLA 2022 CDP Climate Change Report, Risks & Opportunities
	102-31	Review of economic, environmental and social topics	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-32	Highest governance body's role in sustainability reporting	Members of KLA's executive leadership team are involved in the formal review and approval of the company's sustainability report.

Standard	Disclosure	Description	Location/Response
General Disclosures			
	102-33	Communicating critical concerns	KLA Standards of Business Conduct, PDF page 35
	102-35	Remuneration policies	KLA 2021 Proxy Statement, PDF page 40-62
	102-36	Process for determining remuneration	KLA 2021 Proxy Statement, PDF page 40-62
	102-37	Stakeholders' involvement in remuneration	KLA 2021 Proxy Statement, PDF page 43
	102-38	Annual total compensation ratio	KLA 2021 Proxy Statement, PDF page 74
Stakeholder engagement			
	102-40	List of stakeholder groups	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-41	Collective bargaining agreements	KLA 2021 Annual Report, PDF page 28
	102-42	Identifying and selecting stakeholders	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-43	Approach to stakeholder engagement	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-44	Key topics and concerns raised	KLA 2021 Global Impact Report, Our ESG Strategy
Reporting practice			
	102-45	Entities included in the consolidated financial statements	KLA 2021 Annual Report, PDF page 15
	102-46	Defining report content and topic boundaries	KLA 2021 Global Impact Report, ESG Materiality Assessment

Standard	Disclosure	Description	Location/Response
General Disclosures			
	102-47	List of material topics	KLA 2021 Global Impact Report, ESG Materiality Assessment
	102-48	Restatements of information	None
	102-49	Changes in reporting	In this KLA 2021 Global Impact Report, KLA is reporting all data by calendar year, unless otherwise noted.
	102-50	Reporting period	January 1, 2021 - December 31, 2021
	102-51	Date of most recent report	2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	ESG@kla.com
	102-54	Claims of reporting in accordance with the GRI Standards	KLA 2021 Global Impact Report, About this Report
	102-55	GRI content index	KLA GRI & SASB Index
	102-56	External assurance	Selected GHG data in this report has been verified by a third-party assurance provider.
Corporate Governance			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Corporate Governance & ESG
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Corporate Governance & ESG
Business Ethics & Compliance			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Business Ethics & Compliance
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Business Ethics & Compliance ; KLA Standards of Business Conduct

Standard	Disclosure	Description	Location/Response
Materials & Waste			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Materials, Waste & Water
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Environment: Keep Looking Ahead; Materials, Waste & Water; Health & Safety; KLA Environmental Policy; ISO Certificate
	306-2	Waste by type and disposal method	KLA 2021 Global Impact Report, Materials, Waste & Water
Climate & Energy			
	103-1	Explanation of the material topic and its boundary	The manufacturing process for KLA products is relatively energy-intensive, which directly impacts the greenhouse gas emissions from our operations. To do our part to curb the impacts of climate change, KLA is taking a close look at the company's energy use and greenhouse gas emissions from our own operations, as well as impacts from our products in their use-phase. We also recognize that the earth is already experiencing some of the impacts of climate change, and it is important for KLA to understand the related physical and transitional risks to best protect our employees, facilities and ability to deliver on our commitments. KLA 2021 Global Impact Report, Climate & Energy
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Health & Safety; Materials, Waste & Water
	302-1	Energy consumption within the organization	KLA 2021 Global Impact Report, Climate & Energy
	302-4	Reduction of energy consumption	KLA 2021 Global Impact Report, Climate & Energy
	SASB TC-SC-130a.1	Percentage of energy consumed sourced from grid electricity	KLA 2021 Global Impact Report, Climate & Energy
		Percentage of energy consumed from renewable sources	KLA 2021 Global Impact Report, Climate & Energy

Standard	Disclosure	Description	Location/Response
	305-1; SASB: TC-SC-110a.1	Direct (Scope 1) GHG emissions	KLA 2021 Global Impact Report, Climate & Energy
	305-2	Energy indirect (Scope 2) GHG emissions	KLA 2021 Global Impact Report, Climate & Energy
	305-3	Other indirect (Scope 3) GHG emissions	KLA 2021 Global Impact Report, Climate & Energy
	305-5	Reduction of GHG emissions	KLA 2021 Global Impact Report, Climate & Energy
	SASB: TC-SC-110a.1	(2) amount of total emissions from perfluorinated compounds	KLA does not utilize perfluorinated compounds in its operations, with the exception of one site in Wales, UK. The process gas emissions associated with PFC use at this site have not yet been quantified as part of KLA's GHG inventory.
	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 2021 Global Impact Report, Climate & Energy
Water Management			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Water
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Environment: Keep Looking Ahead; Materials, Waste & Water; KLA Environmental Policy; ISO Certificate
	303-5 SASB: TC-SC-140a.1	Water consumption	KLA 2021 Global Impact Report, Materials, Waste & Water
Talent Development			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report,
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Talent Development
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	KLA 2021 Annual Report, PDF page 28; KLA Careers

Standard	Disclosure	Description	Location/Response
	404-1	Average hours of training per year per employee	KLA 2021 Global Impact Report, Talent Development
	404-2	Programs for upgrading employee skills and transition assistance programs	KLA 2021 Global Impact Report, Talent Development
	404-3	Percentage of employees receiving regular performance and career development reviews	100% KLA 2021 Global Impact Report, Talent Development
	SASB: TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	KLA 2021 Annual Report, PDF page 28

Human & Labor Rights / Supply Chain Management

103-1	Explanation of the material topic and its Boundary	KLA 2021 Global Impact Report, 2021 ESG Highlights ; Supply Chain Stewardship
103-2	The management approach and its components	KLA's Global Human Rights Standards set out KLA's commitments to employee wellbeing, and our Supply Chain Human Rights Policy outlines our supplier evaluation, selection, and management for continuous improvement processes. (KLA 2021 Global Impact Report, Supply Chain Stewardship)

Standard	Disclosure	Description	Location/Response
Health, Safety & Wellbeing			
	103-1	Explanation of the material topic and its boundary	The health, safety and well-being of our employees is of the utmost importance to KLA. Based on our business model, KLA has employees who predominately work in offices, those who work at our factories and those who travel to customer sites to help with installation, upkeep and updates of KLA products. These different job types bring with them slightly different health and safety risks, which we recognize and address through different trainings, policies and programs. Additionally, we recognize the importance of promoting and supporting the physical, mental and emotional well-being of our employees. Prioritizing the health, safety and wellbeing of our employees positions employees to do their best work and minimizes risks for KLA. (KLA 2021 Global Impact Report, Health & Safety)
	103-2	The management approach and its components	KLA has a robust management program and runs multiple training efforts to maintain a consistent approach to employee health and safety across our global locations. Every new hire at KLA is required to complete a health and safety orientation within their first week on the job. Each KLA manufacturing facility has a safety committee comprised of local KLA health and safety experts that conduct quarterly safety, security and space audits. The results of these internal audits are used to create a facility-specific report card which highlights areas for improvement. We retain a full-time ergonomist to optimize safety and human engineering for our products, and safe, user-friendly work methods and environments for our employees. We provide regular ergonomic trainings to empower each employee with the information and tools they need to conduct more regular self-assessments. We also participate in routine external audits led by local government bodies based on the location of our facilities as well as customer-driven audits. (KLA 2021 Global Impact Report, Health & Safety)
	403-1	Occupational health and safety management system	Our UK site is certified to ISO 45001 Occupational Health & Safety (OSH) Management Systems standards. KLA is in the process of rolling out a company-wide OSH management system which will be aligned with ISO 45001. (KLA 2021 Global Impact Report, Health & Safety)
	403-2 SASB: TC-SC-320a.1	Hazard identification, risk assessment, and incident investigation	We identify potential hazards in our facilities by conducting weekly inspections of chemical areas; utilization of our online Safety Incident Reporting System (SIRS) to report injuries, illnesses, accidents, near-misses, or suggestions; and conducting quarterly S3 (Safety, Space & Security) audits. Once we identify a hazard, injury or near-miss, the facility manager along with members of the environmental, health and safety team, conducts an accident investigation to correct the hazard and determine the root cause. Currently, the Milpitas facility is in the process of implementing elements of the ISO 45001 Standard, which includes conducting a health and safety assessment of the facility. Our SPTS division, being ISO 45001 certified, has conducted numerous health and safety risk assessments, and in Singapore, health and safety assessments have been completed as required by the Ministry of Manpower. (KLA 2021 Global Impact Report, Health & Safety)

Standard	Disclosure	Description	Location/Response
	403-5	Worker training on occupational health and safety	Through our Corporate Learning Center, employees receive a plethora of training on health and safety topics. For example, all employees receive Hazard Communication training, while employees that handle or work around hazardous materials receive a more extensive course called Hazardous Materials and Waste Handling. Other specific training includes Laser and Radiation Safety, and Title 22 Hazardous Waste Management training. Through our ISO 14001 Environmental Management System, employees who handle hazardous materials must also complete the EMS-05 Hazardous Materials and EMS-08 Universal and Hazardous Waste procedures training. (KLA 2021 Global Impact Report, Health & Safety)

Inclusion & Diversity

	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Inclusion & Diversity
	103-2	The management approach and its components	KLA's chief inclusion and diversity officer and senior vice president (SVP) of talent management sets the direction of the company's inclusion and diversity (I&D) efforts. The chief inclusion and diversity officer and SVP of talent management reports quarterly on I&D key performance metrics and programs to the Compensation Committee of the Board of Directors. The director of global I&D leads a team of employees dedicated to integrating I&D across the organization and providing employees with the necessary knowledge and tools to contribute to such efforts. The I&D team partners closely with the KLA human resources team to ensure benefits, compensation and recruitment efforts purposefully consider the company's commitment to I&D. Members of the KLA leadership team are constantly messaging the importance of I&D to their teams through town hall meetings, all-staff emails and the KLA intranet. This personal communication from the top of the organization helps to cascade the message and build a consistent culture throughout the organization. The HR business partners are an extended I&D team as well. (KLA 2021 Global Impact Report, Inclusion & Diversity)
	405-1	Diversity of governance bodies and employees	KLA 2021 Global Impact Report, Inclusion & Diversity ; KLA 2021 Annual Report, PDF page 28

Innovation

	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Product Stewardship & Innovation
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Standard	Disclosure	Description	Location/Response
	103-2	The management approach and its components	KLA's approach to managing innovation is overseen by the engineering leads of the different business areas based on product offering. Engineering leads communicate innovation plans, objectives and corresponding needs through an annual strategic planning process. One of the results of the strategic planning process is a balance scorecard which tracks the objectives set by the executive leadership team and functional leaders. The scorecard is used to ensure alignment in the direction of product development and accountability for accomplishing objectives. To encourage standardization across the organization, KLA has one product lifecycle process (PLC) which defines the steps for driving innovation, and subsequent product development and product lifetime management in the field. The PLC provides guidelines from cradle to grave, including the following stages of product/service development: concept, prototype, integration into tools, qualification for sale, rollout to customers and maintaining viability and affordability. The PLC outlines key performance indicators and considerations for our product teams to track as they move throughout the innovation and development process. KLA invests heavily in training opportunities for employees to encourage innovation and empower individuals to contribute to the development of next-generation technologies. (KLA 2021 Global Impact Report, Product Stewardship & Innovation)
	SASB: TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	The majority of KLA products, by revenue, contain declarable substances.
		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.
Community Engagement			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Community Engagement
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Community Engagement
		Total giving	KLA 2021 Global Impact Report, Community Engagement
Cybersecurity / IP Protection			
	103-1	Explanation of the material topic and its boundary	KLA 2021 Global Impact Report, Cybersecurity & IP Protection
	103-2	The management approach and its components	KLA 2021 Global Impact Report, Cybersecurity & IP Protection

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	Disclosure	Location
INTRODUCTION	Governance	
	Describe the board’s oversight of climate-related risks and opportunities	KLA 2021 Global Impact Report, Climate Risk Management KLA 2022 CDP Climate Change Report, C1.1a, C1.1b Charter of the Nominating and Governance Committee
PEOPLE	Describe management’s role in assessing and managing climate-related risks and opportunities	KLA 2022 CDP Climate Change Report, C1.2, C1.2a
	Strategy	
PRODUCTS & SUPPLY CHAIN	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	KLA 2022 CDP Climate Change Report, C2.3, C2.3b, C2.4, C2.4b
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	KLA 2022 CDP Climate Change Report, C3.1, C3.3, C3.4
ENVIRONMENT	Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	KLA 2022 CDP Climate Change Report, C3.1, C3.2 KLA 2021 Global Impact Report, Stewardship Priorities ; Climate & Energy ; GHG Inventory
	Risk Management	
GOVERNANCE & ETHICS	Describe the organization’s processes for identifying and assessing climate-related risks	KLA 2022 CDP Climate Change Report, C2.1, C2.1a, C2.1b, C2.2, C2.2a
	Describe the organization’s processes for managing climate-related risks	KLA 2022 CDP Climate Change Report, C2.1a, C2.2, C3.2a, C3.2b
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	KLA 2022 CDP Climate Change Report, C2.1, C2.2
APPENDIX	Metrics & Targets	
	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	KLA 2022 CDP Climate Change Report, C2.1a, C2.1b, C2.2, C2.2a
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	KLA 2022 CDP Climate Change Report, C6.1, C6.2, C6.3, C6.4, C6.5 KLA 2021 Global Impact Report, Climate & Energy ; GHG Inventory
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	KLA 2022 CDP Climate Change Report, C4.2, C4.2a KLA 2021 Global Impact Report, Our Climate Goals



VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of KLA Corporation

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

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

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

- Operational Control
- Worldwide

Types of GHGs: CO₂, N₂O, CH₄, HFCs

GHG Emissions and Energy Consumption Statement:

- **Total Purchased Grid Electricity:** 197,187 MWh
- **Purchased Renewable Electricity:**
 - **Renewable Portion of Grid Purchased Renewable Electricity:** 81,715 MWh
 - **Energy Attribute Certificates (EACs) Retired:** 21,663 MWh
 - **Total Purchased Renewable Electricity (Grid Purchase + EACs):** 103,377 MWh
- **Total Percent Renewable Electricity:** 52%
- **Year-over-Year Change in Electricity Consumption (RY2020¹ to RY2021):** 5% increase
- **Scope 1:** 4,698 metric tons of CO₂ equivalent
- **Scope 2 (Location-Based):** 69,057 metric tons of CO₂ equivalent
- **Scope 2 (Market-Based):** 43,623 metric tons of CO₂ equivalent
- **Scope 3:**
 - **Category 6, Business travel:** 10,789 metric tons of CO₂ 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.

The indicated total does not match the sum of the reported values for Grid Purchased Renewable Energy and Energy Attribute Certificates due to rounding.

¹ Reporting Year 2020 electricity consumption values were provided by KLA Corporation and have not been verified by Apex Companies

Period covered by GHG emissions verification:

- January 1, 2021 to December 31, 2021

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 v1.2 (Renewable Electricity and Percent Renewable Electricity)

Reference Standard:

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

Level of Assurance and Qualifications:

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

GHG Verification Methodology:

Evidence-gathering procedures included but were not limited to:

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

Verification Opinion:

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

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

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

Statement of independence, impartiality and competence

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

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

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

Attestation:

A handwritten signature in black ink, appearing to read 'Trevor A. Donagh'.

Trevor A. Donagh, Lead Verifier
Program Manager
Apex Companies, LLC
Pleasant Hill, California

A handwritten signature in blue ink, appearing to read 'David Reilly'.

David Reilly, Technical Reviewer
Senior Project Manager
Apex Companies, LLC
Santa Ana, California

June 30, 2022

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 statement by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.

Notes About This Report

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& ETHICS

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**GHG Verification
Statement**

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 “may,” “will,” “could,” “would,” “should,” “expects,” “plans,” “anticipates,” “relies,” “believes,” “estimates,” “predicts,” “intends,” “potential,” “continues,” “thinks,” “seeks” or the negative of such terms, or other comparable terminology. Such statements may include, but are not limited to, statements pertaining to: our growth; the performance, impact, and benefits of our products and technologies; our strategies; our priorities, goals, and objectives; market trends; and other predictions and estimates. 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.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as the future impacts of the COVID-19 pandemic; forecasts of the future results of our operations, including profitability; orders for our products and capital equipment generally; sales of semiconductors; the investments by our customers in advanced technologies and new materials;

growth of revenue in the semiconductor industry, the semiconductor capital equipment industry and our business; technological trends in the semiconductor industry; future developments or trends in the global capital and financial markets; our future product offerings and product features; the success and market acceptance of new products; timing of shipment of order backlog; our future product shipments and product and service revenues; our future gross margins; our future research and development (“R&D”) expenses and selling, general and administrative expenses; international sales and operations; our ability to maintain or improve our existing competitive position; success of our product offerings; creation and funding of programs for R&D; results of our investment in leading edge technologies; the effects of hedging transactions; the effect of the sale of trade receivables and promissory notes from customers; our future effective income tax rate; our recognition of tax benefits; the effects of any audits or litigation; future payments of dividends to our stockholders; the completion of any acquisitions of third parties, or the technology or assets thereof; benefits received from any acquisitions and development of acquired technologies; sufficiency of our existing cash balance, investments, cash generated from operations and the unfunded portion of our revolving credit facility to meet our operating and working capital requirements, including debt service and payment thereof; future dividends, and stock repurchases; our compliance with the financial covenants under the credit agreement

for our revolving credit facility; the adoption of new accounting pronouncements; and our repayment of our outstanding indebtedness.

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; the impact of the COVID-19 pandemic on the global economy and on our business, financial condition and results of operations, including the supply chain constraints we are experiencing as a result of the pandemic; economic, political and social conditions in the countries in which we, our customers and our suppliers operate, including global trade policies; disruption to our manufacturing facilities or other operations, or the operations of our customers, due to natural catastrophic events, health epidemics or terrorism; ongoing changes in the technology industry, and the semiconductor industry in particular, including future growth rates, pricing trends in end-markets, or changes in customer capital spending patterns; our ability to timely develop new technologies and products that successfully anticipate or address changes in the semiconductor industry; our ability to maintain our technology advantage

and protect our proprietary rights; our ability to compete with new products introduced by our competitors; our ability to attract and retain key personnel; cybersecurity threats, cyber incidents affecting our and our service providers' systems and networks and our ability to access critical information systems for daily business operations; liability to our customers under indemnification provisions if our products fail to operate properly or contain defects or our customers are sued by third parties due to our products; exposure to a highly concentrated customer base; availability and cost of the wide range of materials used in the production of our products; our ability to operate our business in accordance with our business plan; legal, regulatory and tax environments in which we perform our operations and conduct our business and our ability to comply with relevant laws and regulations; our ability to pay interest and repay the principal of our current indebtedness is dependent upon our ability to manage our business operations, our credit rating and the ongoing interest rate environment, among other factors; instability in the global credit and financial markets; our exposure to currency exchange rate fluctuations, or declining economic conditions in those countries where we conduct our business; changes in our effective tax rate resulting from changes in the tax rates imposed by jurisdictions where our profits are determined to be earned and taxed, expiration of tax holidays in certain jurisdictions or changes in tax laws or the interpretation of such tax laws; and our ability to identify suitable acquisition targets and successfully integrate and manage acquired businesses.

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

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

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

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



Global Impact Report
2021