



# KLA's Global Human Rights Standards

## Introduction

KLA promotes an inclusive culture that promotes worker health, safety, and wellbeing. These Global Human Rights Standards set out KLA's commitments to worker wellbeing, and reflect our commitment to respecting international human rights standards, particularly the rights of people in vulnerable communities as defined by the UN Guiding Principles on Business and Human Rights which include the UN Universal Declaration of Human Rights and the International Labor Organization (ILO) 1998 Declaration on Fundamental Principles and Rights at Work. They apply to the KLA Corporation and its subsidiary and affiliated entities worldwide ("KLA") and to KLA suppliers and partners, as well as their next tier suppliers. Additional requirements are found in our Standards of Business Conduct and other human resource policies and procedures.

## Standards

### **Commitment to Inclusion**

At KLA, Inclusion For All (IFA) is a direct expression of our core values. Our employees, come from different disciplines and with different abilities—all working together to create something bigger than themselves. We celebrate the broad range of talents and experiences of our employees, customers, suppliers and partners and are committed to fostering a culture of conscious inclusion.

### **Prohibition Against Discrimination, Harassment, and Inhumane Treatment**

KLA believes that all employees, whether those of KLA or its suppliers or partners, have a right to work in an environment free from harassment and discrimination. KLA prohibits all forms of unlawful harassment and discrimination on the basis of race, color, ethnicity or national origin, ancestry, religion, sex (including pregnancy, childbirth, or related medical conditions), age, disability, veteran or other statuses or characteristics protected by applicable international, national, regional or local laws or regulations. KLA provides, and expects its suppliers and partners to provide, reasonable accommodations for disabilities and/or religious practices. KLA further prohibits harsh or inhumane treatment, including violence, gender-based violence, sexual harassment, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers, or threats of such conduct.

### **Freely Chosen Employment and Prevention of Trafficking and Forced Labor**

KLA condemns and is committed to the eradication of forced, bonded, indentured, involuntary convict or compulsory labor and illegal child labor in all its operations. As part of the hiring process, workers must be



provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government- issued identification, passports or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

### **Child Labor Avoidance**

Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.

Outside of manufacturing, the use of legitimate workplace learning programs for workers under the age of 18 (Young Workers) is supported. KLA maintains strict rules to protect the health and safety of Young Workers. KLA adheres, and expects suppliers and partners to adhere, to local laws and regulations in having Young Workers in the workplace and in the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

### **Working Hours**

Workweeks are not to exceed the maximum set by local law. Further, a workweek should generally not be more than 60 hours per week, including overtime, except in emergency or unusual situations. All overtime shall be voluntary, with the understanding that employees who apply to positions requiring overtime are considered to have consent to working such overtime. Workers shall be allowed at least one day off every seven days.

### **Wages and Benefits**

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and rates, and legally mandated benefits. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. Engagements of temporary, contract, and outsourced labor will comply with applicable law.



## **Freedom of Association**

KLA respects the rights of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly, and to refrain from such activities.

## **Freedom of Movement**

There shall be no restrictions on workers' entering or leaving KLA facilities or the facilities of KLA suppliers or partners. Nor shall there be any unreasonable restrictions on movement in such facilities, including use of the restroom and break facilities.

## **Prohibition Against Retaliation**

KLA strictly prohibits any form of retaliation against employees, including of its suppliers and partners, who raise good faith reports or who participate in the investigation into reports of unlawful or unethical conduct or violations of any company policy.

## **Supply Chain Expectations and Requirements**

KLA recognizes the potential human rights issues and labor risks that may occur in our supply chain, especially for vulnerable populations in society. KLA has a long-standing commitment to uphold and respect the human rights of all people, wherever it operates, including those who work in its supply chain. KLA expects our suppliers to adhere to the same commitment to support and protect the equal employment and human rights of all persons.

In 2002, KLA established a global supply chain management program ("SCM"), which it continues to evolve. A critical part of KLA's SCM is to establish, support, ensure and continuously improve KLA supplier's adherence to the Global Human Rights Standards described herein. The SCM includes the following expectations and requirements:

### **KLA Expects Suppliers to Follow Globally Recognized Standards**

KLA expects its suppliers to adhere and comply with the following globally recognized standards, including, but not limited to:

- the UN Guiding Principles on Business and Human Rights which include the UN Universal Declaration of Human Rights and the International Labor Organization (ILO) 1998 Declaration on Fundamental Principles and Rights at Work; and
- the industry best practices for major electronics companies, its customers and suppliers as defined and adopted by the Responsible Business Alliance (RBA) which can be found at



[www.responsiblebusiness.org](http://www.responsiblebusiness.org). By adopting the RBA Code, we set standards and expectations for labor, health and safety, environment, ethics, and management systems that are consistent across the electronics industry supply chain. The Code prohibits the use of forced labor and requires suppliers to flow down these requirements to next-tier suppliers and within their supply chains.

### **KLA Expects Supplier to be Transparent**

KLA expects Supplier to be transparent and fully cooperate to provide information KLA requires to conduct due diligence, risk assessments and ensure forward transparency, and so that it may meet its legal requirements, including, but not limited to:

- the requirements of the California Transparency in Supply Chains Act of 2010 which can be found in Section 1714.43 at [www.leginfo.ca.gov](http://www.leginfo.ca.gov)
- the requirements of the UK Modern Slavery Act of 2015 which can be found in Part 6, Section 54 Transparency in Supply Chains at <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>, DOWNLOAD KLA STATEMENT: [KLA 2021 Statement UK Modern Slavery Act of 2015.pdf](http://www.kla.com/~/media/KLA/2021/01/KLA_2021_Statement_UK_Modern_Slavery_Act_of_2015.pdf) ([kla-tencor.com](http://www.kla.com))
- the requirements of the U.S. Customs and Border Protection Uyghur Forced Labor Prevention Act of December 23, 2021, which can be found at [Uyghur Forced Labor Prevention Act | U.S. Customs and Border Protection \(cbp.gov\)](https://www.cbp.gov/newsroom/initiatives/uyghur-forced-labor-prevention)

### **KLA's Approach to Enforcement of these Global Human Rights Standards, Including Supply Chain Expectations and Requirements**

KLA expects that its suppliers and their supply chains adhere to these Global Human Rights Standards and the related supply chain expectations and requirements. We strive to enforce such policies via a three-pronged approach of (1) sourcing and supplier selection, (2) contractual supplier requirements and (3) ongoing supplier relationship management.

### **Sourcing & Supplier Selection**

To become a key supplier for the production of KLA's goods and services, suppliers are evaluated through a selection and qualification process that is a critical part of the company's SCM process. Typically, such evaluations include supplier visits and/or supplier quality audits of the supplier's people, processes and capabilities against pre-determined evaluation criteria. During these assessments, the team qualifies how well the supplier meets KLA's standards, including KLA's Global Human Rights Standards. Only the suppliers that meet KLA's standards and that optimize or meet the overall selection criteria are selected.



Those suppliers then become part of KLA's supply base and are, as appropriate, managed for continuous improvement.

### **Contractual Supplier Requirements**

Purchase Order Terms and Conditions: As a condition of doing business and as a means of self-certification, our purchase order standard terms and conditions stipulate that "Seller represents and warrants that it complies with all applicable laws and regulations, including eradication of forced, bonded, indentured, involuntary convict or compulsory labor, as well as illegal child labor in its facilities, and requires their suppliers, including labor agencies, to do the same. Seller warrants that its supply chain and materials incorporated into its products comply with the laws prohibiting slavery and human trafficking.

Seller agrees to adopt sound human rights practices, to treat workers fairly and with dignity and respect, provide a safe and healthy work environment for their workers, conduct business in compliance with applicable environmental and employment laws, and refrain from corrupt practices."

### **Standard Supplier Purchase Agreement**

Additionally, key KLA suppliers sign KLA's standard purchase agreement that specifically states that the supplier "represents and warrants that it complies with all applicable laws and regulations, including eradication of forced, bonded, indentured, involuntary convict or compulsory labor, as well as illegal child labor in its facilities, and requires their suppliers, including labor agencies, to do the same. Seller warrants that its supply chain and materials incorporated into its products comply with the laws prohibiting slavery and human trafficking," and the supplier "agrees to adopt sound human rights practices, to treat workers fairly and with dignity and respect, provide a safe and healthy work environment for their workers, conduct business in compliance with applicable environmental and employment laws, and refrain from corrupt practices." Furthermore, it also stipulates that a supplier "shall comply with all applicable laws regarding non-discrimination in terms and conditions of employment, payment of minimum wage and legally mandated employee benefits, and compliance with mandated work hours. Seller shall comply with all applicable laws regarding employment of underage or child labor and shall not employ children under the age of 16."

### **Supplier Relationship Management**

Key KLA suppliers participate in the KLA Supplier Scorecard program. The Scorecard includes several qualitative and quantitative measurement criteria related to a supplier's performance against defined criteria. Non-quantifiable ratings can include a review of the supplier's adherence to KLA's policies. Any deterioration below certain levels require a Supplier Action Request. Supplier Action Requests are managed throughout the business review process. KLA may discontinue business with suppliers that fail to either improve their Supplier Scorecard rating over a defined period or do not resolve requests in a



timely manner. The Supplier Relationship Management program includes planned business reviews, site visits and performance audits that include adherence to human rights policies. Site visits and performance-related audits occur when and if a supplier's scorecard performance is declining and/or if supplier risk is determined through the course of normal supplier visits.

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