

# Values in Action

Standards Of Business Conduct



INTEGRITY, RESPONSIBILITY, AWARENESS  
COLLABORATION, INNOVATION, EXECUTION



# CEO Message

One characteristic I am most proud of is how innovation has always been a trademark of the KLA brand. But, innovation alone is not what sells our technology or makes us great.

Our collective commitment to hold ourselves to a higher set of values—values that set us apart and build trust in our customers, partners, shareholders and fellow colleagues—is what defines us as a company and a united team.

At KLA we are fortunate to work alongside a diverse population of brilliant minds—individuals who embrace and exemplify our core values on a daily basis by demonstrating perseverance; striving to be better; being honest, forthright and consistent (HFC); building high-performing teams; and being indispensable to our customers.

Every day is a new opportunity to put our values into practice—from solving customer challenges to meeting tough engineering timelines to checking in with a team member who needs an extra hand on a project—where our actions speak volumes about who we are.

KLA's high standards of business conduct creates our Values in Action. They truly define us as an organization, serving as a roadmap for how we should approach our business and relationships.



**Rick Wallace**

President and Chief Executive Officer

Thank you for embracing our Values in Action and reinforcing what is great about the KLA brand. With your individual commitment and sense of responsibility, we can continue to strengthen our company reputation around the globe and ensure ethical practices are upheld at all times.

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# Introduction

## Honesty and Integrity: KLA's Values in Action

As a company, we are committed to conducting business in compliance with all applicable standards, laws and regulations.

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

*KLA abides by local laws and regulations and maintains honesty and integrity throughout the global business environment.*

# Our Code Of Conduct

## 1. OUR WORKPLACE

Create a diverse environment where fair employment practices are extended to all members of the KLA community.

## 2. OUR RELATIONSHIPS

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

## 3. OUR STEWARDSHIP

Protect KLA's competitive advantage by safeguarding KLA's intellectual property and confidential information.

## 4. OUR COMMITMENT

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

## 5. OUR VOICE

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

*Everything we do, every interaction we have, every product we create, every service we deliver, every commitment we make reflects our Values in Action.*

# Your Commitment

You will be asked to acknowledge your awareness and understanding that KLA employees are required to follow the policies contained in KLA's Values in Action Standards of Business Conduct. Your acknowledgement also means that you will raise questions, concerns or possible violations of law or policy with your manager, employee delegate/representative, if any, or through [KLA's EthicsPoint Portal](#). Finally, your acknowledgement means that you will participate whenever called upon in internal or external KLA investigations of possible violations of laws or KLA policies.

*Our collective commitment to hold ourselves to a higher set of values – values that set us apart and build trust in our customers, partners, shareholders and fellow colleagues – is what defines us as a company and a united team.*

# Special Obligations For Leaders

KLA leaders are expected to create a culture of compliance and an atmosphere where employees are encouraged to raise integrity issues. KLA prohibits retaliation in any form. Leaders are expected to lead by example and ensure that KLA's values and reputation are not compromised.

*At KLA we are fortunate to work alongside brilliant minds – individuals who embrace and exemplify our core values on a daily basis.*

# Values In Action Policies

Putting KLA's values into action requires you to understand the laws, regulations and policies that apply to all of your KLA activities. The Values in Action policies that follow are generally based upon government laws and regulations. You must understand these rules and ask questions when you are unsure as to how to act.

KLA has a number of policies that apply to your activities. Those policies may be found at the Values in Action Policy Portal. These policies are subject to change; you should consult the portal regularly.

The policies cannot cover every conceivable situation that may arise.

If you encounter a situation that is not addressed by a policy, ask yourself three questions:

1. Are my actions consistent with the KLA Values?
2. Are my actions legal and ethical?
3. How would my actions look to others within KLA and externally?

If you answer NO to either of the first two questions, or are uneasy about the third question, ask for guidance from an appropriate person (your manager, Human Resources, or the Legal and Compliance Organization) before proceeding.

*KLA's high standards of business conduct creates our Values in Action. They truly define us as an organization, serving as a roadmap for how we should approach our business and relationships.*



# Penalties For Violations

Employees and leaders who violate the spirit or letter of KLA's Values in Action, KLA policies or laws are subject to disciplinary measures up to and including termination of employment.

*With your individual commitment and sense of responsibility, we can continue to strengthen KLA's reputation around the globe and ensure ethical practices are upheld at all times.*

# Our Workplace

*KLA is a safe, respectful and  
supportive place to work.*

# 1. A Great Work Environment

## Each of us should promote a respectful and safe work environment.

KLA employees are required to create and maintain a working environment that reflects the Company's core values:

- Perseverance
- Drive to Be Better
- Indispensable to Our Customers
- High Performing Teams
- Being Honest, Forthright and Consistent

## Discrimination & Harassment

Everyone has a responsibility to ensure that unlawful discrimination and harassment are not tolerated in our work environment or a part of any employment-related decisions. Unlawful discrimination is forbidden in all aspects of employment, including:

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

If you have any questions about discrimination or harassment, please contact an employee representative/delegate, your Human Resources department or the Legal and Compliance Organization.

## Workplace Safety

KLA is committed to providing a safe, clean environment so that everyone can conduct business in an efficient and productive manner. Employee safety is a top priority, and KLA's Safety department works diligently to protect the health and safety of our workforce by ensuring effective training and protective measures are in place. Every KLA employee is required to promote and support KLA safety policies.

If you see or learn of an unsafe condition, please report the matter to your local manager or make a report on [KLA's EthicsPoint Portal](#).

*KLA imposes a higher obligation over and above the law.*

### Example

#### **Question:**

One of my colleagues sends jokes to our team. The jokes often have sexual undertones and upset me and other members of my team. What should I do?

#### **Answer:**

Ask the person to stop sending the emails and report the matter to an employee representative/delegate, your HR department, or the Legal and Compliance Organization. Sending jokes with material containing racial, sexual or offensive undertones is a form of harassment and will not be tolerated.

# 1. A Great Work Environment

## Talent: Attract, Develop and Inspire the Diverse KLA Workforce

Our talent initiatives center on attracting, developing and inspiring our global workforce. We seek to hire top talent, recruiting world class experienced candidates, as well as high-caliber graduates from across the world, with a variety of backgrounds, characteristics and perspectives that allow us to leverage the talents and experiences of a diverse and global workforce. We also enable employee career development opportunities through multi-faceted and broad-based programs, including making available vertical and horizontal career opportunities within the company. This program not only engages employees by offering opportunities to periodically take on new roles and learning experiences, but also empowers KLA with a workforce enriched by a breadth of experience across multiple areas within the business. We believe this program also enhances employee knowledge and job satisfaction, while enabling closer collaboration with peers across the various functional groups in the company.

## Privacy and Confidentiality

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

*Employees who have access to personal data must commit themselves to confidentiality.*

### Example

#### Question:

One of my direct reports recently had major surgery and will be out on medical leave for some time. Some of her colleagues have asked for her personal email and home address to send "Get Well" wishes since her work email has been disabled during her leave. Since I have access to this information as her manager, is it ok to share it with others?

#### Answer:

No, you may not share personal data that you have access to as her manager with others. In keeping with privacy rules, you may also not share the nature of the reason for medical leave even if she has shared it with you.

# Our Relationships

*Our relationships are built upon  
transparency and trust.*

## 2. Conflicts Of Interest

### Always avoid conflicts of interest.

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

*You have a responsibility to avoid situations where your personal interests interfere with KLA's interests.*

### What are Potential Conflicts of Interests?

#### Substantial investments

Holding a substantial investment (directly or indirectly) in a competitor, supplier, customer, distributor or other company that does business with KLA.

#### Other Employment/Services

Being employed, providing services to or representing another company or institution with the potential to compete with KLA.

#### Gifts/Entertainment/Things of Value

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

#### Competition with KLA

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

#### Use of KLA Assets

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

#### Example

##### Question:

I am a service engineer and I would like to accept a part time engagement to support KLA tools for a third party while I am on "paid time off." Is this ok?

##### Answer:

No. You cannot compete directly or indirectly with KLA.

### What You Should Do

Complete a [Conflict of Interest Disclosure Form](#) so that the company can determine whether an activity creates an actual conflict of interest, an appearance of a conflict of interest or does not create a conflict concern for KLA. In the case of gifts, entertainment or other items of value, disclose anything you receive that is not nominal in value to your immediate manager or the Legal and Compliance Organization.

### Gifts that you receive with a local currency value of US \$100 or more are not of nominal value.

Report all monetary gifts that you receive to your immediate manager or the Legal and Compliance Organization. Disclose anything you receive for an improper purpose to influence a business decision or relationship to your immediate manager or the Legal and Compliance Organization.

# 3. Outside Directorships

## Obtain approvals before accepting outside directorships.

We understand that the bright minds at KLA may be sought after by other organizations for directorships. Generally, permission is granted provided the directorship does not conflict with the person's duties and responsibilities to KLA.

KLA policy requires that you obtain written authorization before accepting a directorship position with most types of companies and organizations, including:

- For-profit companies
- Industry associations
- KLA portfolio investment companies

## What You Should Do

Ask the Human Resources or the Legal and Compliance Organization for a copy of the KLA [Policy for Serving on Outside Boards](#) and submit any required authorization request form to the designated person.

## Special Requirements for Executive Officers

Executive officers are required to obtain the approval of the independent members of KLA's Board of Directors to serve as a director on a public company's board of directors. If you have any questions about outside directorships, please contact Human Resources or the Legal and Compliance Organization.

*Always obtain authorization before accepting an outside directorship.*

### Example

#### **Question:**

I have been asked to serve as a member of the board of directors of a profit-making company. What do I need to do before I can accept the directorship?

#### **Answer:**

Before you accept the directorship, you will need to get a copy of the KLA Policy for Serving on Outside Corporate Boards and will usually need to get written authorization.

# 4. Business Opportunities

## Business opportunities and benefits belong to KLA first.

In keeping with our collective commitment to be forthright and honest, we must all maintain an ethical boundary as it relates to leveraging information about KLA's business opportunities, benefits and other company interests, which could be used for personal gain.

An example could be the acquisition of any interest in technology, products or intellectual property that is either sought by or would be of potential interest to KLA.

## What You Should Do

If you are unsure about a particular situation or have questions about whether KLA is interested in pursuing a particular business opportunity, please complete a Conflicts of Interest disclosure form which is available on the [Legal and Compliance Organization](#) intranet site.

## Additional Obligation for KLA Officers and Directors

Officers and directors of KLA have an additional obligation and must not take for themselves any business opportunity or benefit that KLA may have an interest in pursuing—notwithstanding that their knowledge of the business opportunity or benefit was obtained independently of their relationship with KLA.

*Never take advantage of KLA business opportunities or benefits for personal gain.*

### Example

**Question:**

My friend, who also works at KLA in Finance, told me about a great business investment relating to KLA technology. We are thinking about investing. What should we do?

**Answer:**

You must never take a business opportunity that belongs to KLA. Speak to the Legal and Compliance Organization about the opportunity before you act.



# 5. Gifts, Entertainment And Other Payments Policy

## Make sure gift giving and receiving are approved.

Gifts, entertainment, or payments to commercial parties are risky and can compromise KLA's integrity and reputation. Some exchanges are common business courtesies which are outlined below. Any other activities are more uncertain and are to be avoided in our daily business operations. Review the following guidelines when determining if gift-giving or receiving is in keeping with the integrity expected of a KLA employee.

## Receiving Gifts and Entertainment

**YES** Common business courtesies—such as the occasional, inexpensive business meal or non-monetary gifts of minimal value—from customers, suppliers, subcontractors, and others we do business with are acceptable.

**NO** Requesting or accepting items of value that would influence—or appear to influence—the business relationship between KLA and the gift giver are not acceptable.

## Gift and Entertainment Guide

(See Section 6 for rules regarding government officials)

### Gifts Giving

Modest gifts that are common courtesies under local customs and laws are permitted if incidental to promoting the Company's business relationship. Please refer to the International Anti-Bribery Policy and Guidelines for specific thresholds that require pre-approval. Gifts may never be in the form of cash or cash equivalents (e.g., gift cards).

### Entertainment

Similarly, modest entertainment that is incidental to conducting legitimate business in which products or services are being promoted or demonstrated is permissible. Please refer to the International Anti-Bribery Policy and Guidelines for specific thresholds that require pre-approval.

**Additional Requirements:** Giving Gifts or Entertainment over the established thresholds require pre-approval from the employee's manager and Local Controller / Regional Finance Head, in writing. Exceeding the annual limits for gifts or entertainment for the same person will require pre-approval from the Chief Compliance Officer.

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

### Example

#### Question:

A KLA supplier has offered to host my team at a sports event. The tickets would cost at least \$150 USD each and food and beverages will be served. The total value of the event will be over \$10,000 USD. Can I accept the gift?

#### Answer:

While social events with customers and suppliers represent valuable team building opportunities, you should not let the offer or provision of such gifts influence your business judgment. This offer should not be accepted unless you discuss this with and secure the approval of your manager.

## What You Should Do

- Always report anything that you are given that is designed to influence a business decision.
- Be familiar with the guidelines for gifts, travel and entertainment in the International Anti-Bribery Compliance Policy and Guidelines.
- If your situation requires pre-approval, make sure to seek it before your gift, travel or entertainment occurs.
- If you have questions, please contact your manager, Local Controller / Regional Finance Head or the Legal & Compliance Organization at [corporate.compliance@kla.com](mailto:corporate.compliance@kla.com).

# 6. Bribery And Corruption Laws

## Never offer bribes or make illegal payments to anyone.

Giving gifts, entertainment or making payments to anyone must never be done with the intention of gaining a business advantage of any kind. Please see Section 5 for general guidelines on gift giving and receiving. Interactions with government officials require special attention due to the severe consequences for FCPA or UK Bribery Act violations. You are responsible for understanding what you can and cannot do.

### Examples of Government Officials

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

## Dealing with Government Officials

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

## Additional Requirements

- You must not use a third party or intermediary to circumvent bribery or anticorruption Laws.
- Gifts: If the customer or supplier is a "Government official", then no gifts are allowed unless the gift is a KLA promotional item (such as a coffee mug, shirt or pen) with nominal value only. All other gift must be pre-approved by the employee's manager, Local Controller / Regional Finance Head and the Chief Compliance Officer.
- Entertainment: Entertainment for government officials greater than the thresholds specified in the International Anti-Bribery Policy and Guidelines require the same approvals as for non-government customers AND require the pre-approval of the Chief Compliance Officer.
- All company-sponsored gifts, expenditures and payments must be properly and fully recorded in KLA's books and records.

## What You Should Do

If you have any questions or concerns about a particular situation, contact the Legal and Compliance Organization immediately at [corporate.compliance@kla.com](mailto:corporate.compliance@kla.com) to help determine risk, or visit the [KLA EthicsPoint Portal](#).

*We must not give or accept bribes or participate in any form of corruption.*

### Example

#### Question:

A customs official told me that if I wanted KLA's products to clear customs faster, then I should buy his supervisor a bottle of his favorite wine. Can I do this to benefit KLA?

#### Answer:

Bribery and corruption laws prohibit any payments (including gifts) made either directly (by KLA) or indirectly (by an agent). You should not provide this gift. If you are aware or have suspicions that a KLA employee or agent is engaged in any form of illegal activity, including paying bribes of any kind, you must report the concerns immediately to your manager and the Legal and Compliance Organization.

# Our Stewardship

*We have responsibility for protecting KLA's competitive advantage and assuring the integrity of our transactions.*

# 7. Financial Records, Accounting Practices and Applicable Laws

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

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

Employees' records must be accurate and honest and represent the facts. Never enter information in the company's books or records that intentionally misleads, misrepresents, misinforms, omits or disguises the true nature of any transaction or result.

KLA's internal control procedure for initiating and recording transactions must be adhered to at all times. Management maintains a system of internal accounting controls meant to preserve integrity and objectivity. These controls are designed to provide reasonable assurance that KLA's assets are properly safeguarded, transactions are executed and reported in accordance with management's authorization and the books and records of KLA accurately reflect all transactions. The internal control system is augmented by a program of written policies and procedures, management reviews and training of qualified personnel.

## What You Should Do

Full cooperation with independent and internal auditors is expected, and employees should quickly report any suspected violations or concerns to their managers or through the confidential [KLA EthicsPoint Portal](#).

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

### Example

#### Question:

To help process my expense claims, I occasionally list an expense under a different category, so it can be approved more easily and paid faster. Is this okay? It is still the same amount of money.

#### Answer:

This is not acceptable. KLA's accounts must accurately reflect the true nature of all expenses. Expense categories are an essential aspect of our accounting and financial systems and they should never be compromised, even for small amounts.

# 8. Protecting Confidential Information

## Information is our competitive advantage

### Proprietary and Classified Information

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

### What is Proprietary Information?

Propriety Information is information that is developed, created, or discovered by the company, or that becomes known by or is conveyed to the company and that has value in the company's business, or the business of others.

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

*Ensure the protection of the Company's information assets by reporting all employee inventions to the Legal and Compliance Organization.*

**Example**

**Question:**  
I overheard a conversation yesterday and I think one of my teammates is holding off on reporting an invention to the Legal and Compliance Organization. I am not sure why but it just doesn't seem right. What should I do?

**Answer:**  
All inventions are the property of KLA and must be promptly reported to the Legal and Compliance Organization. You should raise this with your manager or the Legal and Compliance Organization. If you prefer, you may report it via the [KLA EthicsPoint Portal](#) or call the Ethics Hotline, anonymously if you prefer.

## Inventions and Patents

We have the brightest minds in the business—inventions are inevitable and a source of pride for KLA. Information is the core of our competitive advantage, and it is everyone's responsibility to protect the Company's information assets.

Learn more about protecting inventions – through patents or other means of protection – [in our web-based training module here](#).

## What You Should Do

Employee inventions, whether patentable or not, are the property of KLA to the maximum extent provided by law. All inventions must be reported to the Legal and Compliance Organization by completing the [Invention Disclosure Form](#). The KLA Patent Committee meets regularly to review invention has sufficient merit, then the Director of Intellectual Property will commence the process for patenting the invention.

# 8. Protecting Confidential information

## Information is our competitive advantage.

KLA is proud to be a trusted collaborator and innovator with our customers and suppliers. Collaboration with mutual trust is an essential element that enables us to execute and innovate for the benefit of each customer and the market as a whole. As collaborators, we are entrusted with others' confidential information, which we must protect. When acquiring and handling the information of others, do so as follows:

- For Proper Purpose
- By Proper Means
- With Proper Protection

## Proper Purpose

We obtain information from other parties for legitimate KLA business purposes, which potentially benefit those parties and enable innovation in the marketplace.

## Proper Means

The information is legitimately given by the other party, or observed by us in the normal course of duties, without deception or violating established protocols, agreements, or laws.

## Proper Protection

We safeguard the other party's information by honoring all NDA terms, sharing it only on a "need to know" basis, and applying operational and physical security best practices. Please seek advice when handling information from other parties.

## What You Should Do

We should protect proprietary information we receive from third parties in same way as we protect our information – as sensitive and not for general dissemination.

*Ensure there is a Nondisclosure Agreement (NDA) in place before receiving or sending proprietary or confidential information.*

### Example

#### Question:

I need to disclose non-public and proprietary information to a customer. What should I do to make sure that I am not compromising KLA's intellectual property?

#### Answer:

Speak to the Legal and Compliance Organization and make sure that there is a Nondisclosure Agreement in place that covers this specific disclosure. If not, a Nondisclosure Agreement must be created to cover the proposed exchange. Do not assume that a Nondisclosure Agreement is in place simply because of a long-standing relationship.

# 8. Protecting Confidential Information

## Information is our competitive advantage.

### Things to Remember

- Ensure there is a Nondisclosure Agreement (NDA) in place between KLA and any party receiving proprietary or confidential information, and that you have received all needed approvals before sharing information.
- Keep all confidential materials in locked areas. Electronic copies should be stored using appropriate access controls. Label documents and other files with the appropriate data classification at the time you created them. Please refer to [Need-to-Know](#) data classification standards for more information.
- Only disclose proprietary or confidential information to employees who need to know such information.
- Never try to improperly acquire the confidential information of others.
- Don't encourage employees of a competitor, customer or supplier to disclose confidential information unless they have the required permissions.
- If you hire or work with a former employee of a competitor, customer or supplier, don't ask the person to improperly disclose confidential information.
- Always refuse unsolicited third-party confidential information. Return any information that you receive inadvertently 'unopened' or provide it to the Legal and Compliance Organization.
- Never post or share proprietary or confidential information in internal discussion groups, chat rooms, bulletin boards and/or other electronic communications media.
- Do not make public comments about KLA's confidential information, including business plans, financials and products to the press, analysts, competitors or customers unless you are authorized to do so.
- Always get approval from Corporate Communications and the Legal and Compliance Organization before allowing the use of KLA name, trademark or logo by external parties.

*Protecting third party information is just as important as protecting KLA information.*

### Example

#### Question:

I received some confidential information under NDA from a supplier. Can I share it with another supplier under NDA to get a competing quote?

#### Answer:

If the NDA with the first supplier does not permit disclosure, then you can't share the information. If you need help in understanding the company's obligations under an NDA, check with the Legal and Compliance Organization for assistance.

## What You Should Do

If you have any questions about what constitutes proprietary or confidential information, please contact the Legal and Compliance Organization.

# 9. Business Activities And Assets

## High standards of business are critical to success.

### Importing and Exporting

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

Laws governing the export of products, spare parts and technical data must also be followed. In addition, there may be cases in which you are required to obtain individual export authorizations for employees who have access to controlled technology, software or information. If your job requires the exporting of products, you are responsible for screening customers and reviewing transactions to ensure KLA compliance. Violation of import or export laws, even through ignorance, will have long-lasting damage on our global business.

Please direct any questions about import and export rules to the Global Trade Compliance (GTC) department at [DL.tradecompliance@KLA.com](mailto:DL.tradecompliance@KLA.com).

### Use of Company Assets

Company telephones, voicemail, computers, internet, intranet, email, fax and cell phones are provided for carrying out KLA business. Do not use company assets for personal matters unless there is an urgent need.

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

*Use KLA assets for carrying out the company's business.*

### Example

#### **Question:**

I traveled internationally on a business trip and bought a lot of souvenirs that would not fit in my suitcase. May I ship it back home using a Miscellaneous Ship Request as long as I accurately disclose the contents?

#### **Answer:**

No, personal items my never been shipped via MSR. You may not charge personal shipping expenses to the company.



# 10. Environment And Community

## Our actions today should benefit the future.

By respecting our environment and the communities where we operate, we are safeguarding our future as a company and as global citizens. Being “green” is not just a trend at KLA, it’s our charge. Our careful and thoughtful everyday practices demonstrate values of stewardship and teamwork ensuring both our personal and corporate health and future.

### Environment

In the production of our leading semiconductor solutions, we use regulated chemicals and raw materials that can generate waste during the manufacturing process. As a company, KLA is fully compliant with the laws and regulations regarding the proper use and disposal of these materials, and as individual employees we are all responsible for doing our part to dispose of waste properly and adhere to KLA’s internal environmental policies.

Environmental laws are complex, yet violation of these laws can subject you, as an individual employee, and the company as a whole, to civil and criminal liability. Therefore, our safety department provides training on safe work practices and environmental protections employed in the day-to-day operations of the company.

### Community

KLA is committed to making a positive contribution in the communities in which we do business. We strive to build mutually respectful relationships with our global communities, providing philanthropic program support to organizations and activities free of religious, fraternal or political associations through the KLA Foundation. To learn more about the KLA Foundation, visit the [Foundation website](#).

## What You Should Do

Many small yet valuable practices reduce environmental impact, such as turning off lights in unused rooms, carpooling, utilizing mass transportation, using a reusable mug or stainless steel water bottle and the recycling bins located around the organization.

If you have any questions about your part in keeping our working environment safe, please contact the Environmental, Health & Safety (EH&S) Team at [safety.information@KLA.com](mailto:safety.information@KLA.com) or visit the [Safety page on the KLA intranet](#) to find out specifics on individual responsibilities.

*We value and respect life and community through our consistent acts of stewardship.*

### Example

#### Question:

I visited one of our factories recently and some employees told me about problems they are having disposing of certain waste. What should I do?

#### Answer:

We are all responsible for complying with the laws and regulations that apply to proper disposal of waste generated in the manufacture of KLA products. You should contact the Environmental, Health & Safety (EH&S) Team at [safety.information@KLA.com](mailto:safety.information@KLA.com).

# Our Commitment

*We strive to understand and comply with laws, regulations and policies that govern KLA's business worldwide.*

# 11. Antitrust And Competition Laws

## Compete honestly and fairly in every market.

Get the facts first. Each of us is responsible for knowing antitrust risks in our region.

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

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

It's important we are aware of antitrust risks and are provided sound legal advice on a "before the fact" basis. Federal, state and international antitrust and competition laws are complex, and no summary can address every issue or situation that might arise. Yet, violation of these laws may result in severe penalties, including criminal penalties for KLA and the team members involved in the violation.

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

- To fix, coordinate or control prices
- To allocate or divide up customers, territories or markets
- To refrain from competing against other market participants

## What You Should Do

Be mindful of the antitrust red zones and seek the counsel of the Legal and Compliance Organization if you have any questions.

*Be alert to antitrust risks and obtain advice on a 'before the fact' basis.*

### Example

#### Question:

At a recent trade association meeting, a competitor was volunteering information about pricing trends. Should I share this information with the marketing department?

#### Answer:

If you ever find yourself in a meeting where competitors volunteer pricing strategy information, leave immediately. The perception may be created that you are participating in a price-fixing scheme or another activity that restricts free competition. In no case should you share the information within KLA. You should also contact the Legal and Compliance Organization immediately and let them know what has happened.

# 12. Securities Law

## Be careful when trading in company stock.

At all times, it's crucial that we keep information within the company. All privileged information needs to stay within the KLA community in order to protect our integrity in the financial and regulatory industries.

## Insider Trading and Tipping

As members of the KLA community, we have a different set of rules to follow with regard to company stock than non-employees. The U.S. federal securities laws, as well as the laws of many other countries, place limitations on the circumstances under which any of our employees may purchase and/or sell KLA's stock.

All employees, including officers, in possession of material non-public information must never disclose that information to persons outside of KLA or anyone who doesn't have a need to know, other than as required in the course of performing corporate duties.

It is illegal and a violation of KLA's [Insider Trading Policy](#) for any of our employees or officers to trade in KLA's securities while in the possession of material non-public information outside of a properly approved Rule 10b5-1 Trading Plan. We are strictly prohibited from trading in KLA's stock until after the information has been publicly disseminated.

These rules also apply to information you obtain about other companies in the conduct of your business for KLA—you may not trade in other companies' securities while in possession of such information.

KLA's Insider Trading Policy prohibits purchasing or selling options for KLA's securities.

## What You Should Do

Knowing the rules on insider trading is extremely important because any employee or officer who violates the KLA Insider Trading Policy may be subject to discipline, including termination of employment and, if appropriate, legal proceedings. If you become aware of any suspected violations or have any concerns, please immediately contact the Legal and Compliance Organization. For more information on insider trading and tipping, refer to the KLA [Insider Trading Policy](#).

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

### Example

#### Question:

I am working on a KLA strategic project that is significant to KLA. Can I trade in KLA stock?

#### Answer:

The information you have is most likely material non-public information which would prohibit you from trading KLA stock. If you are unsure about a particular transaction or have questions about trading, always check with the Legal and Compliance Organization first.

# 13. Supplier Relations And Interactions

## Supplier selection and responsibility.

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

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

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

### Example

#### Question:

I found a supplier that can provide components at half the price of our current supplier, which I understand it is able to do by using school children at low wages to support their manufacturing. Since the price is so favorable, can we waive the requirement that the supplier agree to comply with the RBA Code of Conduct?

#### Answer:

No. KLA expects that all suppliers will conduct their business in a socially responsible manner and in compliance with the RBA Code of Conduct. The use of child labor in manufacturing and at a pay rate that may be below the legal minimum are not acceptable business practices for a supplier.

# 14. Government Relations And Interactions

## Special considerations and care always apply.

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

Dealing with governments and government officials is different than dealing with other private sector customers and partners. These relationships always receive special consideration and care, especially when it involves the giving or receiving of gifts and entertainment or making payments. Thus, it's important to understand the ins and outs of the "bribery and corruption laws" in Section 6.

## Government Contracts

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

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

## Political Contributions

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

## What You Should Do

Contact the Legal and Compliance Organization to better understand the complexities of government contracts, verify your personal responsibility in meeting these requirements, identify internal stakeholders required for approval or to learn more about political contributions.

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

### Example

#### Question:

I have been asked to organize a contract with a government customer and it needs to be done quickly. Do I need to involve any other departments?

#### Answer:

Often special regulations and requirements apply to government contracts in the U.S. as well as other countries. You are responsible for making sure these are met and should contact the Legal and Compliance Organization with any questions about how to handle government contracts.

# Our Voice

*KLA employees readily accept the critical responsibility to report any suspicious, unethical, and illegal behavior to uphold KLA's values.*

# 15. Responsibilities And Reporting

## Put HFC into practice.

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

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

- Discuss the matter with your manager, your Human Resources representative or the Legal and Compliance Organization
- File a report on the [KLA EthicsPoint Portal](#), a confidential online reporting tool.
- Call the Ethics Hotline toll-free to speak to someone confidentially. Call 888.278.3169 if you are located within the United States or Canada. If you are located elsewhere, refer to the International Dialing Instructions on the [EthicsPoint Portal](#).

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

KLA will not tolerate retaliation against an employee who makes a good faith report of a suspected violation of our SoBC as described in the [Anti-Retaliation Policy](#). The company will investigate reported allegations of illegal or unethical behavior to the extent the information provided by the report allows. Confidentiality will be maintained to the greatest extent possible consistent with performing a reasonable investigation.

In certain cases, information may be shared with local law enforcement or other authorities to comply with legal requirements or to protect KLA's legal interests. A person reported to have engaged in improper behavior will be notified of the report if required by law. KLA, however, will not provide the accused with the name of the reporting individual unless required to do so by law.

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

We retain, store, and regularly dispose of company records in accordance with our records retention policies. If you become aware of any investigation or audit involving certain records, do not destroy or delete records related to the issue without direction from the Legal and Compliance Organization.

All managers are responsible for the enforcement of and compliance with our SoBC by each employee reporting to them.

Failure to comply with these standards may result in disciplinary action up to and including termination of employment. Disciplinary measures may, consistent with applicable law, also apply to managers or executives who condone any illegal or unethical conduct of employees reporting to them—when the managers or executives do not take appropriate measures to correct misconduct or if they retaliate against any employee who in good faith reports misconduct.