

09

# Sustainability Report 2009

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In this report, "ASML" is sometimes used for convenience in contexts where reference is made to ASML Holding N.V. and/or any of its subsidiaries in general. It is also used where no useful purpose is served by identifying the particular company or companies.  
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# To our stakeholders

## **Dear stakeholder,**

The year 2009 started in the midst of a major historical downturn and finished with a measured recovery of the world economies. In our semiconductor world, this translated into a virtual business freeze for six months, followed by a major re-start and acceleration of the bookings trend in the second half of 2009. Customers who had delayed structural technology investments are now faced with the need to update their infrastructure to be able to produce new levels of transistor integration. This typical integration trend (Moore's Law, named after the Intel co-founder) calls for a doubling of the number of transistors per chip every 18 months to two years which has continued even during the 2009 world economic crisis.

## **Downturn in the first half of 2009**

The global economic downturn, one of the sharpest in recorded history, tested our management for the long term and our sustainability policy when first and second quarter revenues fell by more than 70 percent in 2009 compared to 2008. The crisis forced us to take measures which were felt by our employees and other stakeholders. We reduced the number of employees, mainly those on temporary contracts, as well as cutting the working hours of manufacturing employees, without cutting wages. As a result, we were able to minimize headcount cuts among non-temporary workers. Furthermore, we significantly trimmed non-strategic discretionary expenses by more than € 200 million per year, or about 16 percent. We did not reduce any of our strategic expenses, whether in Research & Development (R&D) or in Operations. We communicated that these efforts, although very painful for our dedicated temporary worker population and our suppliers, would ensure that: (1) ASML would strengthen its competitive position by ensuring an improving

technology leadership as it continues to develop four new architectures, (2) ASML would generate cash from operations in 2009, in spite of the significant revenue downturn, and (3) ASML would be in a position to forecast that it would reach a break-even sales level or above by the second half of 2009.

We are encouraged that our communication was understood and supported by our stakeholders. We managed to retain confidence among our customers, our suppliers and our investors as evidenced by our strong bookings pick-up at the end of 2009, our continuous support from suppliers gearing capacity back-up and our share price performance. Thanks to the sacrifices and contributions of our employees and flexible staff, we have proven the significant robustness of our business model to all our stakeholders, and are emerging from the economic crisis stronger than ever.

## **Recovery in the second half of 2009**

Our confidence in our ability to maintain production capacity and continue key R&D – supported by our healthy cash balance of more than € 1 billion – was rewarded midway through the year when the chip industry proved one of the first global industry sectors to recover. Our sales in the second half of 2009 more than doubled compared to the first half. Orders rose even faster and we entered 2010 with expectations of very healthy revenues for the year. As a result of increased demand for our products, we rehired temporary employees who were laid off earlier in the year. Through our flexible employment partners we had kept in touch with our former flexible staff, and they were approached during the expansion. We are happy to report that we were able to rehire approximately 400 temporary employees in 2009, almost half of whom have ASML experience.

## **Trends for the future**

We intend to proceed with our proven strategy, which consists of investing above the market average in R&D

and developing multi-segment solutions, while honing our operations and execution so as to reduce structural and product cost, as well as cycle time. We also intend to continue scouting other market opportunities beyond semiconductors to leverage our technologies and other competencies. In addition, we will commit to our corporate responsibilities of contributing to a sustainable future by investing in technologies and approaches that minimize our ecological footprint. We are confident that this strategy will be sustained by customer requirements driven by Moore's law, which justifies our decision to target € 5 billion in yearly revenues at the top of the next semiconductor cycle.

## **ASML sustainability focus**

The semiconductor industry – a \$225 billion (€ 162 billion) global sector – and its related equipment industry have continuously enabled the introduction of new electronics products with increased performance and lower energy consumption per electronic function. The lower cost and lower power consumption, as evidenced by the adoption of mobile handheld electronics, means semiconductors have a relatively modest ecological footprint when compared to products from non-scalable industries. Through our scanners, which can image smaller structures on chips that consume less power, ASML is a key enabler of this trend towards more energy-efficient electronics. Our key responsibility is to work every day to ensure this trend continues, and that our innovation roadmap to further “shrink” chip features takes us beyond 2020.

Our sustainability program can be improved further. We have sharpened our Sustainability Charter to reflect our increased ambition and have set new and ambitious targets for the 2010-2015 period in the following four focus areas:

1. Environment at ASML sites: ASML will reduce CO<sub>2</sub> emissions; improve waste recycling and conserve water

2. Environment of our products: ASML commits to more energy efficient machines
3. Safety & Social: ASML targets further improvements in safety of products and production sites, and reinforcement of our ethical business principles
4. Suppliers: ASML will improve the sustainability performance of our suppliers

### **In recognition of our stakeholders**

The current economic recovery certainly remains very fragile, and we are conscious that our own increased sales are largely the result of what we call a “corrective recovery” in the semiconductor industry. This is the result of nine to 18 months of under-investments in semiconductor factories, and our customers’ need for technology upgrades. We will manage the company with this risk in mind, while we continue investing in our new products and capabilities.

We would like to thank all our stakeholders, in particular our permanent and temporary employees who continue to excel in their dedication, unique expertise and professionalism, as well as our customers, suppliers, shareholders and public authorities who have been supporting the company in multiple ways during this difficult year. We are confident that we have grown in strength and capability and look forward to a bright future for the company.

Eric Meurice

President and Chief Executive Officer,  
Chairman of the Board of Management  
ASML Holding N.V.  
Veldhoven, March 19, 2010

# Sustainability Charter ASML

ASML's strategy is to be a technology leader in lithographic systems and software for semiconductor manufacturing, thus enabling our customers to increase the functionality of microchips while reducing the cost and power consumption per function on a chip; ASML executes its strategy through superior Research & Development, by integrating the knowledge of a cooperative network of Suppliers and Technology Partners and aiming for excellence in Operations; in order to secure this contribution, ASML has a long-term commitment to all its stakeholders to conduct operations in a socially, commercially and environmentally responsible manner.

Since our 2008 Sustainability Report, we have identified four focus areas, (Environmental aspects at ASML sites, Environmental aspects of our products, Safety & Social, Suppliers) as summarized in our preamble, and the following related new targets:

## Environment

- By 2015, ASML plans to have reduced company CO<sub>2</sub> emissions by 50 percent (compared with 2010) through efficiency measures and substitution by renewable energy resources.
- A waste reduction program which targets 90 percent recycling of non-hazardous waste by 2015.
- Improved water efficiency through increased recycling and efficiency measures. In 2010 we will initiate studies to establish efficiency programs and recycling targets.
- Implementation of a recycling policy for our products and modules (recyclable/renewable materials, tracking

of systems, refurbishment/recycling process). In 2010 we will initiate studies to establish efficiency programs and recycling targets.

- Continuation of long-term roadmap to make machines more energy-efficient for every transistor or "bit" produced.

## Health and Safety

- ASML's goal is to ensure that our employees' working conditions are safe and healthy with zero occupational injuries on ASML sites. Our target is to improve the current situation by 25 percent each year.
- We also aim to guarantee the safety performance of our products and auxiliary equipment through appropriate design, with a view to decreasing product-related incidents to zero at customer sites.
- ASML wishes to promote a safety culture at its sites by encouraging incident reporting of near misses, performing close analysis and feedback on the basis of these reports and providing regular Environment, Health & Safety (EHS) training for all employees.

## Social

- ASML plans to develop new initiatives to strengthen our Diversity and Inclusion efforts.
- Stimulate ethical behavior among all employees by regularly promoting and acknowledging the Code of Conduct to ensure all our employees respect human rights and different cultural identities, promote honest and ethical conduct, conduct business in good faith and on the basis of integrity, and comply with applicable government laws, rules, and regulations.
- We will support local communities and education through the ASML Foundation and by encouraging volunteer work in order to encourage more employees to participate in their communities.

Safe harbour statement: Despite our best intentions to reach our targets as described in this document, forward looking statements about our financial and sustainability targets are subject to risks and uncertainties including, but not limited to: economic conditions, product demand and semiconductor equipment industry capacity, access to sustainability technologies and resources, worldwide demand and manufacturing capacity utilization for semiconductors, manufacturing efficiencies, new product development and customer acceptance of new products.

# Performance and Targets

The following table captures ASML's key performance indicators. Targets have been set after input from our customers, investors and other stakeholders. The economic crisis has had a big impact on sales and income, but ASML was able to keep its R&D investments at a high level. Our business objective of reaching € 5 billion in next full upturn is unchanged.

In the area of environmental performance our CO<sub>2</sub> emissions and water usage have increased due to the building of new production facilities in the Netherlands and Asia as well as testing of our new Extreme Ultraviolet (EUV) machines. In both areas, we plan for new initiatives to improve performance. The absolute amount of waste declined as a result of lower sales, but the percentage of recycled non-hazardous waste declined due to a less favourable mix containing less steel. We plan to introduce programs to recycle more waste categories and target to increase recycling of non-hazardous waste to 90 percent by 2015. Our hazardous waste streams are significantly smaller and our recycling efforts are restricted to only the two largest categories which make up close to 80 percent. We will take any opportunity to recycle smaller quantities of other hazardous waste when possible and make sure all other hazardous waste is removed and processed with minimal ecological damage through special high temperature incineration with energy conversion.

With regards to health and safety, the number of incidents was relatively low, and we are seeking opportunities to further reduce this number. Our social responsibilities are being met by increasing investments in charity and our encouragement of employees to engage in volunteering.

With regard to our product-related key suppliers, ASML is committed from 2010 on to hold them all to our sustainability requirements.

Table 1 on page 8 illustrates that every year ASML produces more advanced machines, leading to a significant increase of computing power produced with our systems. An appropriate way to measure this performance increase is by looking at the total number of Petabytes (one Petabyte is one million Gigabytes) of computer memory produced every year thanks to the introduction of new ASML scanners. ASML's positive economic and environmental performance can be proved when our sales and emissions are measured against the increasing number of Petabytes made on ASML machines. This is how ASML adds value for its customers and we will continue with this proven strategy.

For the future, we are now seeing multiple opportunities to improve our environmental performance in absolute terms. Starting this year we have therefore set ourselves absolute targets for key categories such as CO<sub>2</sub> emissions and waste.

With this established relative performance improvement as well as our target to improve in absolute terms, we believe ASML can make a significant contribution to a more sustainable society and deserve our place amongst the sustainability leaders in our industry.

## Performance and Targets

	Economic (page 17)	2007	2008	2009	Target
Net sales (€ million)		3,768	2,954	1,596	€ 5 billion in next full upturn <sup>1</sup>
Petabytes memory per 1 million EUR ASML sales <sup>2</sup>		0.43	1.21	3.07	Continue improving trend
R&D investments <sup>3</sup>		511	534	495	Execute key R&D programs on time to meet customer roadmaps
Diluted net income per ordinary share (€)		1.41	0.74	(0.35)	Profitable at 450 mln of sales
Market share as reported by SEMI (%)		65	65	67	N/A <sup>4</sup>
	Environment (page 27)	2007	2008	2009	
CO <sub>2</sub> emissions [*10 <sup>6</sup> kg]		70.1	76.8	80.0 <sup>5</sup>	50% reduction by 2015 (base: 2010)
CO <sub>2</sub> emissions [*10 <sup>6</sup> kg] per 1 Petabyte memory <sup>2</sup>		0.042	0.021	0.016	Continue improving trend
Water use (x 1,000 m <sup>3</sup> )		451	573	692	Increase recycling <sup>6</sup>
Water [1,000 m <sup>3</sup> ] used per 1 Petabyte memory <sup>2</sup>		0.28	0.16	0.14	Continue improving trend
Total waste materials disposed (x 1,000 kg)		1,277	1,103	796	
Recycled non-hazardous waste Veldhoven (%)		62	62	52	90% by 2015
Recycled hazardous waste disposal Veldhoven (%)		75	73	79	80% by 2015 <sup>7</sup>
	Social and Health & Safety (page 41)	2007	2008	2009	
Number of payroll employees in FTEs		6,582	6,930	6,548	
Number of temporary employees in FTEs		1,725	1,329	1,137	
Employee turnover (%)		5.2	6.4	8.5	
New hires		1,170	794	112	
Workforce by gender (men / women in %)		88 / 12	89 / 11	89 / 11	N/A <sup>8</sup>
International diversity (% of non-Dutch hires)		-	53	65.2	N/A <sup>8</sup>
Average training hours per FTE		20	32	16	
Number of partnerships with universities, colleges, schools		9	16	21	
Product-related incidents at client sites		2	3	3	Downward trend towards zero
Recordable incidents per 100 FTEs		0.49	0.46	0.37	25% improvement every year
Total cash donated to charitable associations (€)		600,000	> 600,000	>600,000	700,000 in 2010
	Supply Chain (page 24)	2007	2008	2009	
Product-related key suppliers that meet ASML social requirements (%)		-	100	100	100% in 2010
Product-related key suppliers with a Health and Safety Management System (%)		95	97	100	100% in 2010
Product-related key suppliers with an Environmental Management System (%)		80	90	100	100% in 2010

<sup>1</sup> Because ASML operates in a highly cyclical industry, we issue no annual sales guidance. Every quarter, ASML indicates the sales and profit margins it expects in the coming quarter. We have set a target of € 5 billion in annual sales during the next full economic upturn.

<sup>2</sup> Represents how much net sales, CO<sub>2</sub> or water are needed to produce 1 Petabyte (1 million Gigabytes) of chip memory. This shows that ASML produces ever more advanced new systems which can produce more memory bits than previous generations.

<sup>3</sup> Total R&D investments includes investments made with government grants.

<sup>4</sup> Although ASML aims to increase its market share, we issue no market share targets as we regard market share gains as the outcome of an effective execution of our strategy which is to offer customers the best and most cost-effective semiconductor lithography systems in all segments of the market.

<sup>5</sup> CO<sub>2</sub> emissions in 2009 were based on standard conversion rates.

<sup>6</sup> See Environmental chapter for details.

<sup>7</sup> Our aim is to recycle as much hazardous waste as possible, but if this is not possible due to small volumes, it is processed in a controlled manner through special high-temperature incineration with energy conversion.

<sup>8</sup> ASML does not set fixed targets, but provides equal opportunities in recruiting, hiring, education, promotion and compensation without discrimination for race, color, gender, age, religion, political opinion, nationality or social origin.

Table 1 Performance 2007-2009 and Targets

# About ASML

ASML is a world leader in the manufacture of advanced technology systems for the semiconductor industry. The company offers an integrated portfolio for manufacturing complex integrated circuits (also called ICs or chips).

ASML designs, develops, integrates, markets and services advanced systems used by customers – the major global semiconductor manufacturers – to create chips that power a wide array of electronic, communication and information technology products.

ASML technology transfers circuit patterns onto silicon wafers to make integrated circuits. This technology is central to making integrated circuits smaller, faster and cheaper. Our technology is known as optical lithography. ASML systems are called steppers and Step & Scan systems (scanners). They use a photographic process to image nanometric circuit patterns onto a silicon wafer, much like a traditional camera prints an image on film.

With every generation, the complexity of producing integrated circuits with more functionality increases. Semiconductor manufacturers need partners that provide technology and complete process solutions. ASML is committed to providing customers with leading edge technology that is production-ready at the earliest possible date. ASML technology is supported by process solutions, enabling customers to gain and sustain a competitive edge in the marketplace.

ASML's corporate headquarters is in Veldhoven, the Netherlands. Manufacturing sites and R&D facilities are located in Wilton, Connecticut and Richmond, California in the United States and in Veldhoven, the Netherlands. Technology development centers and training facilities

are located in Japan, Korea, the Netherlands, Taiwan and the United States. Additionally, ASML provides optimal service to its customers via over 60 sales and service organizations in 15 countries.

Founded in the Netherlands in 1984, the company is publicly traded on Euronext Amsterdam and NASDAQ under the symbol ASML.

ASML faces several industry and company risks. These risks are described in Item 3D of the company's Annual Report on Form 20-F. These include, but are not limited to: economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base) including the impact of credit market deterioration on consumer confidence and demand for our customers' products, competitive products and pricing, manufacturing efficiencies, new product development and customer acceptance of new products, ability to enforce patents and protect intellectual property rights, the outcome of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment and changes in exchange rates.

More information about ASML can be found on our website [www.asml.com](http://www.asml.com).

# Corporate Strategy and Responsibility

## Responsibility to execute ASML's strategy in a sustainable way

ASML's business strategy is based on achieving and further developing a position as a technology leader in semiconductor lithography. This strategy results in the delivery of lithography systems which enable customers to produce the highest performance and lowest cost semiconductors. The superior value of ownership offered to customers as a result of ASML's strategy also maximizes ASML's own financial performance, aligning the interests of ASML and our customers. We implement our strategy through customer focus, strategic investment in R&D and operational excellence.

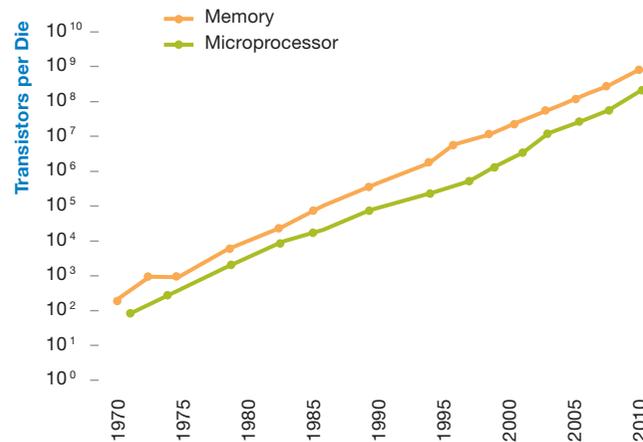
ASML's approach to executing our strategy sustainably rests on three pillars. Our first priority is to continue R&D-intensive creation of more advanced lithography scanners, which help produce chips that require less energy to operate (discussed in more detail in this chapter). Second, we will work towards greater energy efficiency of our ASML scanners (Environmental chapter). Third, we will reduce the environmental impact of our manufacturing sites and systems and offer a safe and fulfilling work environment for talented people of all backgrounds and gender (chapters: Suppliers, Environment, Workplace and Careers and Health and Safety).

### The power of shrink

By executing our strategy successfully for the past 25 years, ASML has enabled chip makers to:

1. Double the computing power per chip
2. At equivalent power consumption
3. For half the price
4. Every 1.5 to 2 years

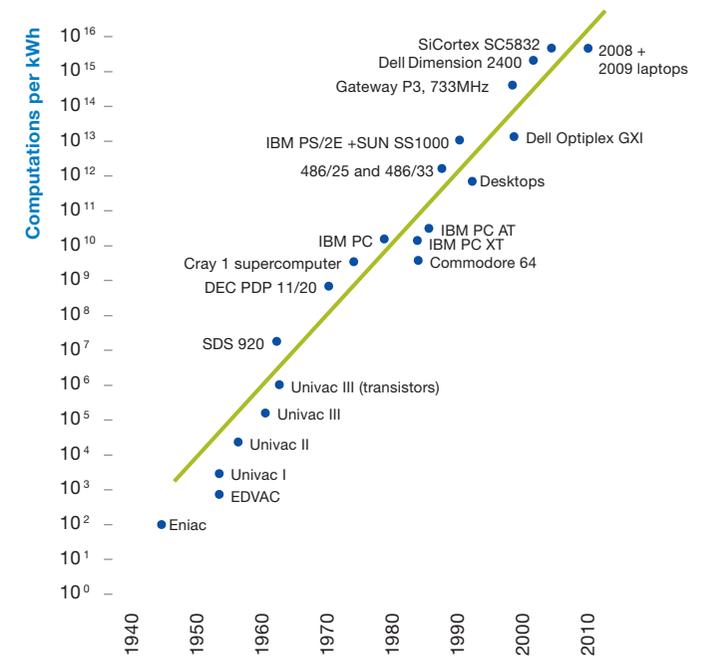
This makes the semiconductor industry unique, because it is capable of continuing rapid improvements in performance and productivity, which are unmatched by any other industry. This progress is powered by better imaging capabilities from companies like ASML that enable chip makers to project smaller structures on a silicon wafer, increasing the computing capacity per chip at roughly stable costs. Today, chip makers can image electronic circuits and features that are over 6,000 times smaller than they were in the early 1970s. This trend was first observed by Intel co-founder Gordon Moore in 1965 and has held true ever since (see graph 1).



Graph 1 This graphic of Moore's Law shows how his prediction of transistor shrink has been realized over 40 years. Source: Intel

Moore's Law has resulted in our information society with fast wired and wireless communications – built on affordable chips – which has improved work, trading and living conditions on all continents.

Moore's Law also has an impact on the energy usage of chips. Smaller geometries allow for much lower electrical currents to operate the chip. High on the heels of Moore's Law follows the trend that the number of computations per unit of electricity doubles every 1.5 years (see graph 2). This has helped to contain the world's energy consumption despite the proliferation of affordable computing.



Graph 2 Source: Lawrence Berkeley National Laboratory, Stanford University and Intel, 2009

## Samsung announces more energy-efficient DRAM memory chip

Samsung Electronics has announced its first 30 nm-class DRAM memory and has just successfully completed customer evaluations. The 30 nm-class 2Gb DDR3 reduces power consumption by up to 30 percent over 50nm-class DRAM. Samsung is scheduled to kick off mass production of 30 nm-class DDR3 in the second half of 2010.

Source: Digitimes

With the advent of mobile computing, chip developers are even more focused on energy efficiency in order to reduce the drain on batteries while still being able to offer good performance. This is being achieved by a combination of transistor scaling, enabled by ASML machines, as well as innovative new chip designs.

Still, it is clear that the affordability of computing power has increased its pervasiveness, and hence total energy consumption. However, the introduction of new chip technology brings two kinds of benefits. The first is that technology helps to execute existing tasks more efficiently. The second benefit is that every improvement in cost, size and energy efficiency of semiconductors opens up new possibilities and markets for the use of advanced technology. While economic growth has become substantially less energy-intensive over the past decade, more benefits of technology substitution need to be realized in order to cut absolute energy usage. In a study commissioned by the Semiconductor Industry Association, the Washington DC-based American Council for an Energy-Efficient Economy (ACEEE) has found that there is potential to reduce energy consumption from the US Department of Energy's reference scenario, as shown in graph 3.

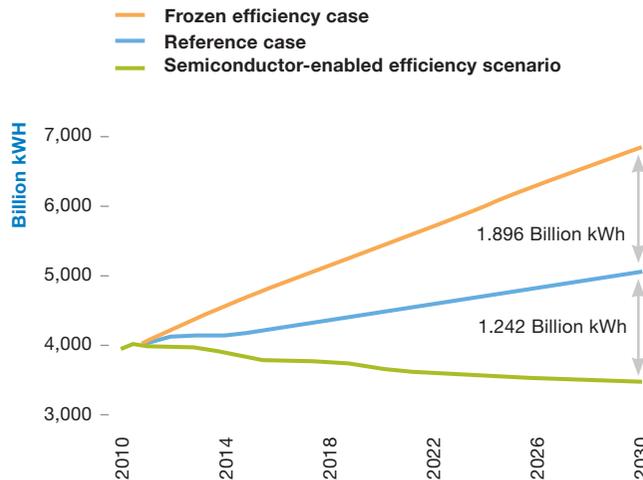
ASML's contribution to this sustainability trend is to continue improving the imaging capabilities of our scanners every year, thereby offering the potential for radical energy performance improvements of semi-conductors and through semiconductor technology.

### Investing in innovation

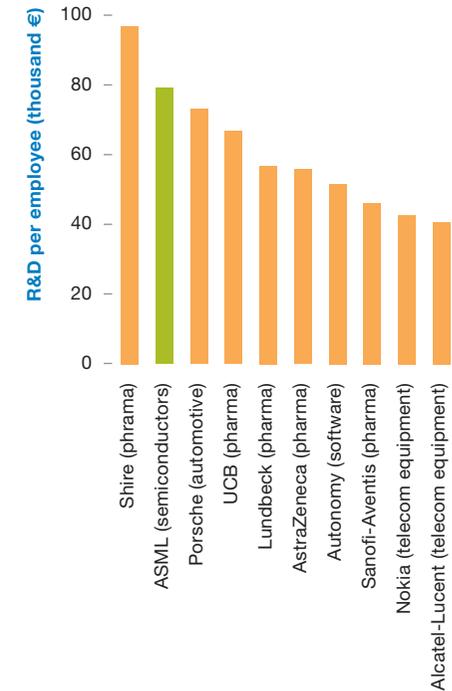
Our rapid strides in technological advancement are the result of large investments in R&D. In order to meet our customers' expectations, ASML is committed to significant long-term investments in R&D that are not significantly impacted by short-term cyclical swings. In 2009, despite the impact of the severe global economic

downturn caused by the current global financial and economic crisis, these investments amounted to € 495 million versus € 534 million in 2008 (total includes investments made using government grants), see graph 5. This makes ASML one of the biggest R&D investors in Europe per employee (see graph 4).

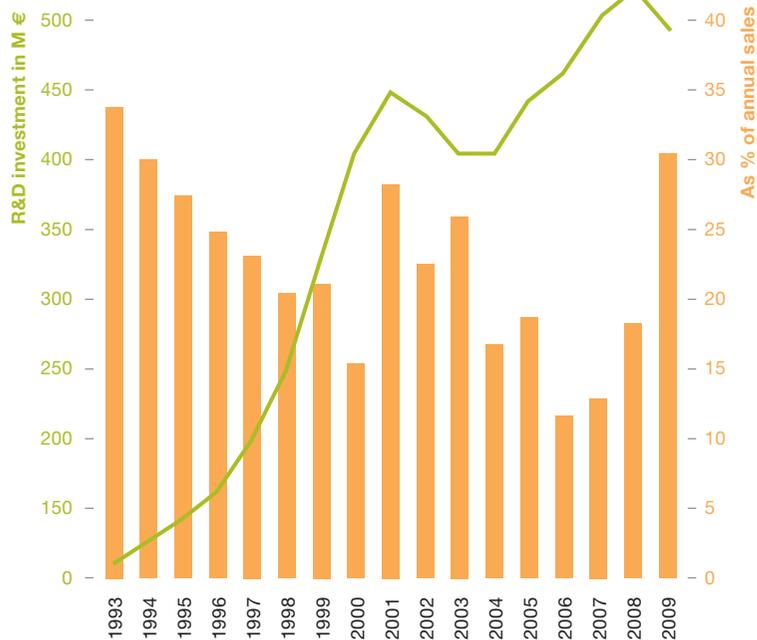
Eighteen of the world's top 20 chip makers was an ASML customer in 2009. Those customers want us to deliver the right technology at the right time to meet long-term roadmaps which often extend many years into the future.



Graph 3 Future electricity scenarios for the USA  
Source: ACEEE



Graph 4 ASML second in European R&D per employee  
Source: European Commission



Graph 5 ASML's commitment to innovation



Figure 1 Technology complexity - Litho tools portfolio

We currently focus our R&D investments on three core programs, centered around current-generation cost-efficient immersion, high-performance immersion and next-generation Extreme Ultraviolet (EUV) technologies. Performance has improved over the years, where our EUV architecture will take the smallest resolution we can image to less than 20 nanometers (see figure 1).

To develop new products, ASML also works with universities and independent external research institutes which bring in specialist knowledge for specific projects. This cross-fertilization increases development speed and makes both ASML and its research partners stronger. In EUV, for instance, research groups introduced knowledge about vacuum technology while ASML expanded vacuum technology applications.

A number of suppliers also carry out their own R&D. This significantly leverages ASML's own R&D investments. ASML aims to increase supplier R&D over the coming years, enabling even faster and more efficient R&D. This means that ASML is at the heart of a cooperative knowledge network which improves competences throughout the chain. ASML's suppliers are set to increase their R&D over the coming years in order to continue and accelerate the industry's innovation pace, (see graph 6).

Our collaborative approach to business is also reflected in the way we engage with suppliers and customers. Suppliers are treated as partners who receive insight into ASML's planning and operations (more information on page 24) so they can best prepare for global economic

trends and customer requests. Customers are served by gaining early access to new lithography technology at open research institutes where pre-competitive chip process development is carried out (more information on page 19) in order to help define roadmaps and determine efficient investments.

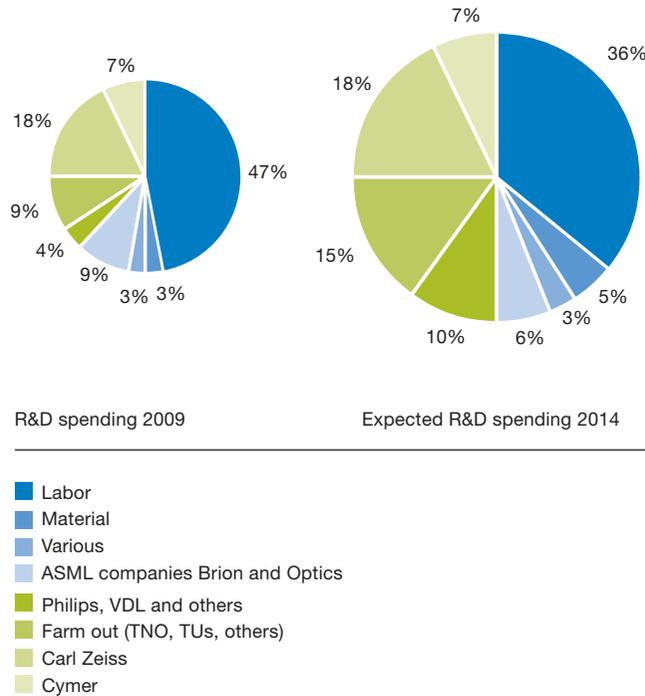
### Business Continuity

In order to guarantee delivery of our long-term commitment, we have had a Business Continuity policy and procedures since 2006. This was triggered by the increasing demand from our customers for continuity planning and ASML's objective to demonstrate responsible business behavior. In addition, the international community was already working towards standardization in the area of Business Continuity management.

These elements were re-emphasized in the 2008 annual enterprise risk assessment executed by ASML's executive committee. As a result, the ASML Business Continuity Management system is currently being revisited. This will ultimately lead to the Business Continuity manual.

Some examples of measures that prevent the loss of resources that are critical to our key processes:

- Redundancy in data centers for back-up and recovery purposes of critical information technology applications and data.
- Increased availability of remote working licenses to ensure employees can continue working independently if a particular ASML site is affected by a catastrophe.
- Measures to prevent the H1N1 virus from spreading within ASML and to our customers/suppliers and to monitor the impact of the virus on the ASML workforce / available capacity.
- Redundancy in manufacturing capability for volume products.
- Focusing on business continuity as an integral part of ASML's supplier selection and evaluation process.



Graph 6 R&D spending by external parties to be increased to 50% by 2014

# Governance and Management

## Organization

ASML Holding N.V. is incorporated under Dutch law and has a two-tier board structure. Responsibility for the management of ASML lies with the Board of Management. In turn, the Supervisory Board – composed of independent, non-executive members – supervises and advises the members of the Board of Management in performing their management tasks (see figure 2). More information on ASML's legal regime and corporate structure can be found in Item 6.C of the company's 2009 Annual Report on Form 20-F.

## Corporate Governance and Sustainability Management

ASML endorses the importance of good corporate governance, the most significant elements of which

are independence, accountability and transparency. These are also the elements on which a relationship of trust between ASML and all its stakeholders is built. ASML's objective is to be open and transparent about its structure, financial reporting, internal controls and procedures as well as its decision-making process. Details about these reports, controls and procedures can be found in our Form 20-F and Statutory Annual Report as well as on our website [www.asml.com](http://www.asml.com).

## Roles and responsibilities regarding sustainability

Since 2005, ASML has had an Environmental, Health and Safety Board tasked with guiding regional sustainability management issues and working towards a global sustainability management system. This Board, expanded and renamed Sustainability Board in 2009 (see figure 3), comprises senior management members from the main Business Operations. It represents three global regions where ASML is active, as well as members of key support departments. In 2009, the company appointed a new worldwide Sustainability coordinator who reports to the Sustainability Board, which is chaired by ASML's

Chief Operating Officer. This officer is a member of the Board of Management. The Sustainability Board, which aims to meet quarterly, was adjusted in 2009 to increase the focus on green manufacturing and product development. The Sustainability Board has introduced the first ambitious Sustainability targets (see page 7) and will work to introduce more in 2010 and beyond, as well as watching over the implementation of policy measures to reach those targets.

ASML employs 14 Sustainability specialists to monitor and manage issues. These specialists include environmental and product safety engineers based in Wilton, Richmond and Veldhoven. Social aspects at all sites are monitored by human resources employees.

Since 1988 ASML has been a member of the Semiconductor Equipment Manufacturing Institute (SEMI), the global industry association serving the advanced semiconductor manufacturing supply chain, and subscribes to the SEMI standards in the area of Environment, Health and Safety (EHS).



Figure 2 Organization



Figure 3 Sustainability Board

## ASML Code of Conduct

ASML has a Code of Conduct containing the company's Principles of Ethical Business Conduct, Internal Guidelines, Complaints Procedure and Whistleblower's Policy. The Principles have formed the basis for ASML's Internal Guidelines on Ethical Business Conduct and contain ASML's ethical values in relation to various issues such as:

- Respect for human rights.
- Respect for the different cultural identities of our employees, stakeholders and customers.
- The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Conducting our business in good faith and on the basis of integrity.
- Compliance with applicable government laws, rules, and regulations.

The Internal Guidelines apply to all payroll and flexible contract ASML employees worldwide and contain rules, guidelines and practical examples. The Internal Guidelines also include certain obligations and requirements, stemming from the Dutch Corporate Governance Code and Sarbanes-Oxley Act of 2002. These obligations and requirements mainly concern the issues of conflicts of interest, financial reporting and the Whistleblower's Policy.

The Code of Conduct includes support for the principles of the International Labor Organization (ILO). The non-discrimination principle was already explicitly mentioned in the Code of Conduct. ASML supports the freedom of association and respects the right of employees to organize and form employees' and workers' organizations, as also set out in the Code of Conduct. No action was taken in 2009 in response to incidents of corruption as no such incidents were reported.

Starting in 2004 (or upon joining ASML), employees were requested to read the Code of Conduct and sign an acknowledgement stating that they will adhere to its terms. All new employees who join ASML receive a copy of the Code of Conduct and are requested to sign a form to confirm that they acknowledge ASML's Code of Conduct. In addition ASML developed a one-hour computer-based course in 2008, addressing many topics in the Code of Conduct. All fixed and flex employees were obliged to complete this course successfully.

To further strengthen the Code of Conduct, ASML has installed a project group, including works council members. The goal is to increase awareness of the Code of Conduct. A new awareness program should be implemented by the end of 2010.

All documents encompassing the Code of Conduct can be found on the Corporate Governance section of ASML's website: [www.asml.com](http://www.asml.com).

As a global business organization, ASML respects the rule of law and complies with the national laws, regulations and administrative practices of the countries and communities in which it operates. ASML conducts its activities in a competitive manner, within the framework of applicable laws and regulations, and applies its principles of ethical business conduct. One of the elements of responsible behavior in society is our continuous compliance with competition law. In 2009, no legal action was taken by the competent authorities in relation to anti-competitive behavior.

With our Code of Conduct and by meeting our responsibilities for sustainable policies and actions that are documented in this report, we adhere to the sustainability principles laid down by organizations such as the United Nations and the Organization for Economic Cooperation and Development (OECD):

- Embrace that human rights as proclaimed by the United Nations in the Universal Declaration of Human Rights are a common standard of achievement for all members of the global community. We encourage respect for these rights and freedoms.
- Respect the rule of law and comply with the national laws, regulations, and administrative practices of the countries and communities in which we operate.
- Support the general principles laid down by the OECD in its Guidelines for Multinational Enterprises and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the ILO.
- We believe in acting as a responsible corporate citizen and subscribe to the view held by the United Nations Commission on Global Governance that "business must be encouraged to act responsibly in the global neighborhood and contribute to its governance."

## Stakeholder relations

ASML strives to consult parties that have a relevant stake in the company. Stakeholder dialogue is conducted regularly by senior and executive managers on a proactive and reactive basis, across a range of business and company topics, subject to materiality. These are mostly planned to take place at regular intervals and include:

- Customers (see special section on Customer relationship maintenance on page 19).
- Suppliers (see chapter on page 24 for details on supplier contacts).
- Shareholders, bondholders and analysts, including socially responsible investors and analysts. The Board of Management meets with key investors every quarter, while Investor Relations and the Board of Management meet with the top 10 investors in ASML every six months. We have also held meetings with sustainable investors to specifically discuss the sustainability aspects of ASML's business.
- Works councils and unions whose membership includes ASML employees. ASML has a roster of

regular meetings that include different departments, works councils and unions to discuss social, financial, organizational and other developments.

- Employees. ASML informs its employees in many ways. Via presentations by board members during our All Employee meetings, directly through management, presentations, emails, the global intranet (Netscanner), etc. Via Netscanner, every employee can apply for the monthly lunch meetings with a member of the Board of Management.
- Industry peers and organizations, e.g. SEMI. Through various departments ASML is an active participant in SEMI-organized conferences, workshops and events and is involved in giving presentations, leading discussions and encouraging dialogue between the industry and stakeholders.
- National and local governments, e.g. the Dutch government, the municipalities of Veldhoven and Eindhoven, the state of Arizona and the state of Connecticut. Last year, members of the Board of Management met with the Dutch Prime Minister and the Dutch Economics Minister, while maintaining regular contact with the mayors of Eindhoven and Veldhoven to coordinate efforts to address the global recession. ASML does not make political contributions to influence lobbying efforts.
- Universities, such as Eindhoven Technical University, the University of Twente, Delft Technical University and the Erasmus University Rotterdam in the Netherlands; Wuhan University in China; Rochester Institute of Technology, the University of Connecticut, the University of Arizona, Stanford University and the DeVry University in the United States.

ASML discussed our Sustainability policies and reports with several stakeholders in 2009, including the ASML Works Council, Dutch association of investors for sustainable development VBDO, the global sustainability assessment for investors SAM and SEMI. These discussions resulted in a more ambitious Sustainability policy with specific short- and long-term targets which can be found in this report.

## Financial flows

The consolidated financial statements include the accounts of ASML Holding N.V. and all its majority-owned subsidiaries. All intercompany profits, balances and transactions have been eliminated in the consolidation. Table 2 details the consolidated statements of operations.

## Return to shareholders

Each year, the Board of Management evaluates the amount of dividend that will be proposed to the Annual General Meeting of Shareholders. For 2008, a dividend was declared of € 0.20 per ordinary share of € 0.09 which was paid in 2009.

A proposal will be submitted to the Annual General Meeting of Shareholders on March 24, 2010 to declare an unchanged dividend for 2009 of € 0.20 per ordinary share of € 0.09.

## Overview of products

The foundation of our lithography scanners is our dual-stage wafer imaging platform – the TWINSCAN system – which we introduced in 2000 and which allows exposure of one wafer while simultaneously measuring the wafer which will be exposed next. Our strong leadership in this capability has allowed us to achieve the industry's highest throughput, enabling reduced cost-per-exposure per wafer. ASML is the only lithography manufacturer that has volume production based on dual stage systems.

Our innovative immersion lithography replaces air over the wafer with fluid, enhancing focus and enabling circuit line-width to shrink to even smaller dimensions than what is possible with “dry” lithography systems.

Consolidated statements of operations (€ million)	2005	2006	2007	2008	2009
Net sales	2,529	3,582	3,768	2,954	1,596
Gross profit on sales	974	1,454	1,550	1,016	458
R&D costs, net of credits	324	387	486	516	467
Amortization of in-process R&D costs	0	0	23	0	0
SG&A costs	201	205	226	212	156
Income (loss) from operations	449	862	815	288	(165)
Net income (loss)	311	619	671	322	(151)
Gross profit as a % of net sales	39%	41%	41%	34%	29%
Income (loss) from operations as a % of net sales	18%	24%	22%	10%	(10%)

Consolidated balance sheet (€ million)	2005	2006	2007	2008	2009
Cash & cash equivalents	1,905	1,656	1,272	1,109	1,037
Working capital <sup>1</sup>	1,786	2,236	1,998	1,965	1,705
Total assets	3,756	3,954	4,073	3,939	3,727
Long-term debt	383	381	602	647	663
Shareholders' equity	1,712	2,148	1,891	1,989	1,775

Table 2 Five-year overview (in accordance with U.S. GAAP)

<sup>1</sup> Working capital is calculated as the difference between total current assets, including cash and cash equivalents, and total current liabilities.

ASML pioneered this “wet” technology and has experienced strong demand for immersion-based systems, driven initially by NAND Flash solid state memory chip makers which have aggressive shrink roadmaps to reduce cost-per-memory function. Shrinking the feature sizes on chips by means of immersion systems has meanwhile been adopted by most of our customers in all other semiconductor market segments, including the DRAM memory chip and Logic chip segments as well as the Foundry contract chip manufacturers. With 166 immersion systems shipped at the end of 2009, our immersion technology is now widely accepted as the standard for critical layer high-volume chip manufacturing, solidifying our technology leadership position worldwide.

With immersion becoming the cornerstone of the modern chip factory, we have developed different immersion systems for different needs. We have optimized our TWINSCAN XT immersion systems for cost-effective imaging down to 40 nanometer patterning, while we have simultaneously developed a new dual wafer stage system called TWINSCAN NXT with improved imaging, positioning and productivity. The NXT platform can pattern features as small as 22 nanometers through the so-called Double Patterning technique which requires several exposures per layer on a chip. Imaging patterns and lines between one another without creating contacts is very demanding when it comes to the exact placement of lines and patterns, and this “overlay” requirement is uniquely served by our NXT planar wafer stage and breakthrough grid metrology. Our first NXT:1950i shipped in September 2009 and achieved overlay below the specification of 3 nanometers, which is only 12 silicon atoms across, or the length that a human hair grows in just half a second.

We complement our line of scanner products with a rapidly expanding portfolio of software and metrology products to help our customers achieve better imaging at aggressive resolutions, offering them significant revenue-generating and cost-saving opportunities. As customers optimize their scanner performance by taking into account the entire chip creation process, from design to volume manufacturing, we have called this approach “Holistic Lithography”. During the chip design phase, ASML’s holistic lithography software uses actual scanner profiles and tuning capabilities to create a design with the maximum process window for a given node and application. During manufacturing, ASML’s holistic lithography leverages unique metrology techniques and feedback loops to monitor overlay and Critical Dimension Uniformity (CDU) performance to continuously maintain the system centered in the process window. During 2009, we launched new products such as FlexRay™ programmable illumination, Source Mask Optimization (SMO) and BaseLiner™ scanner stability, while announcing deals with major chip manufacturers.

Also in 2009, we confirmed our roadmap for EUV lithography with the first shipment of our pre-production system, for which we have received six orders to date. The first shipments are scheduled for the second half of 2010. EUV derives its name from the light source it uses, which at 13.5 nanometers is 15 times shorter than the Deep Ultraviolet ArF light source used in our most advanced immersion systems. Assembly of our first pre-production systems started in 2009 in the new EUV cleanroom facility at our headquarters in Veldhoven. The cleanroom was opened on schedule in May 2009 despite the economic downturn. The NXE system, which will be built on an evolved TWINSCAN platform, will enable our customers to extend their roadmap to chip features to 22 nanometers and smaller. Industry support for EUV was boosted by the publication of excellent imaging results from many customers who have been working

on our Alpha Demo Tools located at two major industry R&D centers (IMEC in Leuven, Belgium and CNSE Albany NanoTech in New York State, U.S.). In addition, there was considerable and necessary progress reported publicly in infrastructure development, ranging from reticles and resists to source power improvements. We have published a roadmap to develop a range of EUV models, offering the greatest extendibility at the lowest cost of ownership for the future of lithography. As EUV is an emerging technology, orders and sales will be recognized when customers accept the systems in their factories.

# Customers

Making sure customers are served with the right products at the right time, supported by excellent service, is key to ASML's commitment to a long-term sustainable relationship with those customers. With products valued at tens of millions of euros, customers expect high-quality support customized to their specific requirements. This support includes service engineers, equipped with the latest technical information, to ensure the highest levels of machine performance, as well as applications specialists who support optimal (system) processing and new product implementation. Customers also expect ASML to deliver continuity and quality; many large customers assess ASML on these topics, including sustainability aspects, on a regular basis through questionnaires and audits.

## Geographic breakdown of revenues

Graphs 7, 8 and 9 below provide the breakdown of ASML's machine sales-related revenues. Since most of the chip manufacturers are based in Asia, 75 percent of system revenues come from that region. We supply systems to 18 of the top 20 semiconductor manufacturers of the world ranked by their capital investment budgets.

## Customer relationship management

ASML aims to deliver to our customers chip lithography machines with the lowest cost of ownership and highest earnings potential - a typical advanced ASML scanner can expose 150 wafers in an hour, with every final wafer valued at around € 4,000 (example NAND flash memory chips).

Customer satisfaction is all important to ASML. We have Account Teams that are specifically dedicated to customer satisfaction and the lifecycle of our products.

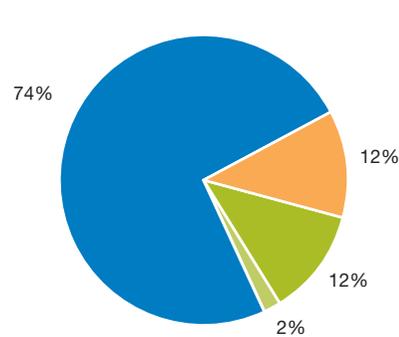
What our customers want from ASML is:

1. A reliable, high-quality scanner that delivers
2. Highest volume (production capacity)
3. Smallest resolution (size of the image determines density of features)
4. Best imaging quality (positioning and uniformity of the image)
5. Tailored system at the right time and the right price

Customer satisfaction efforts are designed to ensure that customers continue to enjoy these product specifications during the lifetime of the scanner.

### 1. Reliability and quality of the system

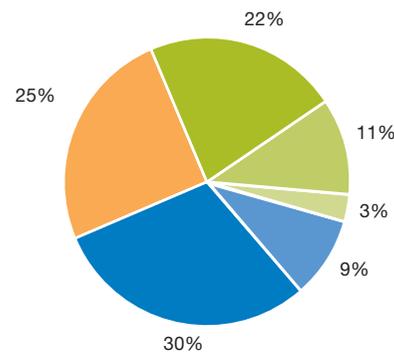
Building a chip factory costs several billion dollars, which means all systems must be of the highest quality and reliability in order for the chip maker to generate a profit. Our customers have reliability targets which we are expected to meet, as well as production numbers.



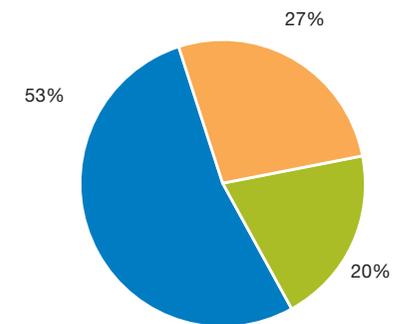
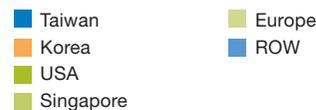
Graph 7 Technology



Source ASML



Graph 8 Region



Graph 9 End-use



Together with several customers, we have set up special task force teams to increase productivity and uptime, resulting in an overall increase in the latter.

For high-volume memory chip manufacturers we started the “million wafer club” in 2007, for scanners which expose more than one million wafers in a year, a target that initially seemed extremely challenging. The “club” numbered well over 100 “member” machines by the end of 2009.

Inevitably, in an industry that works around the clock and throughout the year, systems will break down at some point. When this happens, it is essential that the faulty part is quickly replaced with a high-quality spare. Supplier Quality Control programs were executed in 2008 and 2009 to ensure several critical parts were redesigned; these are now much more reliable than before. This quality audit is an example where we listened very carefully to our customers and used their expertise to improve our quality.

Delivery times of spare parts have improved with the opening in 2009 of our Incheon logistics center in South Korea. The center is closer to our Asian customers and eliminates parts transit from the Netherlands. It has improved delivery time to these customers by 16 to 30 hours, and emergency response time by an average 27 percent.

Our systems are monitored by our global Customer Support organization, consisting of nearly 2,000 employees worldwide who provide service, preventive maintenance and repair 24 hours a day, 7 days a week. Monitoring takes place at or near customer sites, as well as through our award-winning remote monitoring service called BRES.

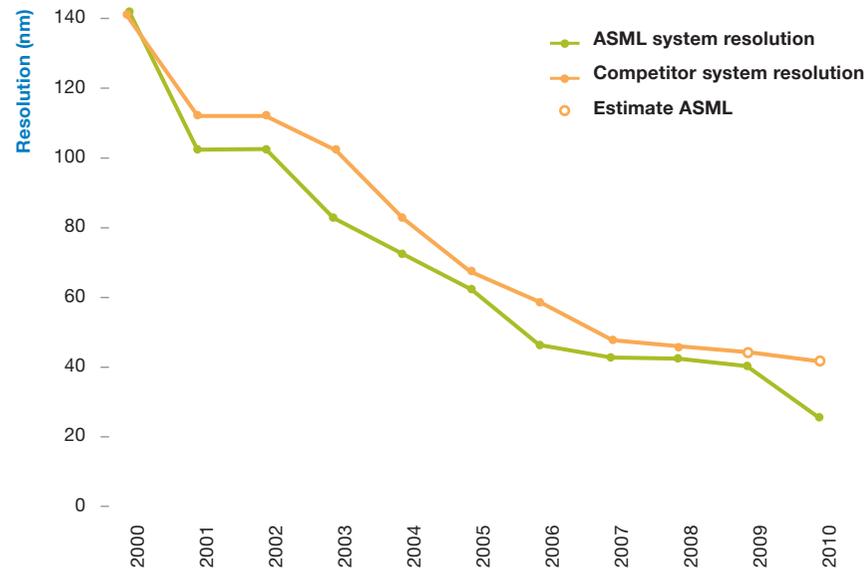
## 2. Highest volume

ASML has led the industry for many years with its highly productive scanners. The secret to this success is the TWINSCAN dual stage platform, which avoids wasting valuable exposure time with the otherwise necessary measuring of the wafer surface which takes place in a parallel process. We have continued to increase the scan speed of our systems, which has resulted in a current capability of exposing 150 wafers an hour on our TWINSCAN XT platform, whereby each wafer contains hundreds or even thousands of chips. On our new TWINSCAN NXT platform, with less overhead and

faster acceleration, we have increased the productivity specification to 200 wafers per hour, a target which we expect will be reached in the coming year.

## 3. Smallest resolution

As explained earlier in this report, the opportunity to image smaller structures on silicon wafers is important to our customers in increasing the functionality on a semiconductor and boosting its value, while lowering the price per computing function. ASML has led the industry by offering the tools to image the smallest structures for more than a decade (see graph 10).



Graph 10 ASML products facilitate Moore's law  
Source ASML

We complement these most advanced scanners with a portfolio of corresponding systems for larger structures on what is known as the “less critical” layers of a chip. In this area, we compete by offering value through high productivity and image stability, resulting in high yields (yield = functioning chips per wafer).

#### 4. Best imaging quality

However, offering customers the ability to project smaller chip structures is not enough on its own, because lithographic scanners also need to be able to position these lines with great precision on the silicon wafers. This is called “overlay” and typically accounts for a small percentage of the resolution. If the resolution of the smallest structure is 40 nanometers, the overlay may need to be as small as a few nanometers – one nanometer is a millionth of a millimeter, or four silicon atoms in a row. In addition to this stringent overlay requirement, the consistency, or uniformity, of the structure is also important because the power running through chip circuits is affected by differing thicknesses. This so-called Critical Dimension Uniformity (CDU) is also expressed as a percentage of resolution.

Thanks to ASML’s unique TWINSCAN platform and Holistic Lithography software and hardware, we have acquired the ability to deliver these very aggressive overlay and CDU requirements needed by our customers today and in the years to come.

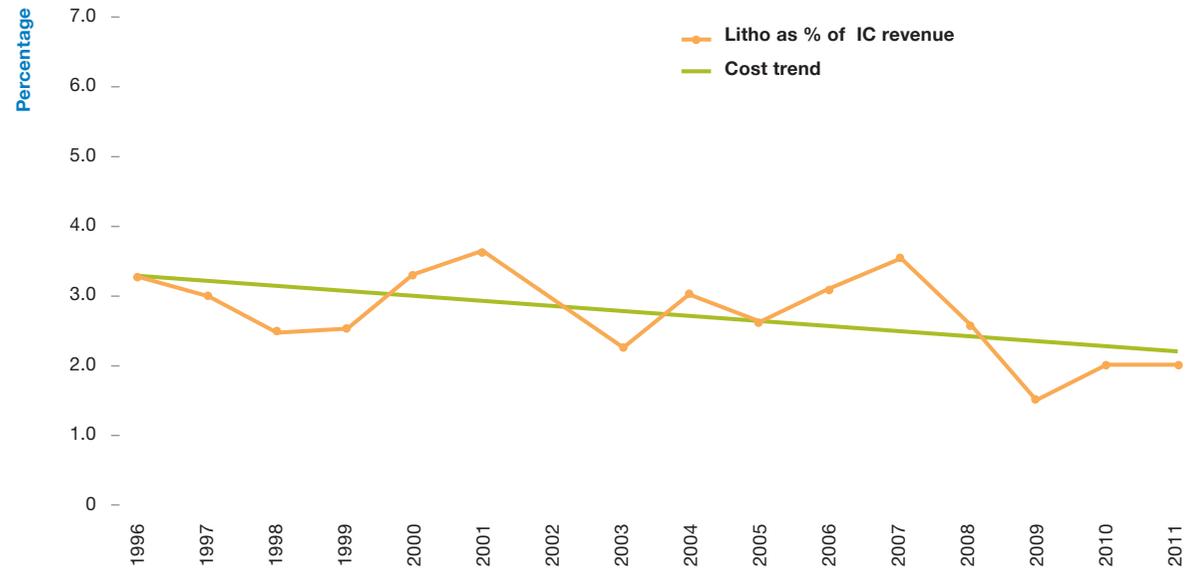
#### 5. Tailored system at the right time and the right price

Discovering what customers need, and when they need it is key to adding value. We meet with our customers very regularly, from daily meetings and between customers and sales representatives and customer support to (bi-)monthly meetings with upper management from our customers and ASML management. We also host several meetings with customers at ASML, ranging from status updates and signing of tools up to high-level sales

planning and customer demand to volume purchasing agreement discussions. We track these discussions on corporate tracking sheets.

The topics discussed include:

- Customer roadmaps and their alignment, insofar as possible, with ASML’s roadmap. This enables us to provide the right tooling at the right time for our customers and to protect our sales
- On-time delivery of the tools is very important to customers, as their complete output plan is based on it. Through forecasting and meetings with our customers we do our best to optimize this plan
- Optimal matching of tools to customer needs



Graph 11 Litho cost trend expected to continue to decline in 2010 and 2011  
Sources VLSI Research, ASML

During special meetings customers also assess ASML’s organization on aspects of sustainability, health and safety and quality. ASML is thus regularly evaluated and, if needed, measures are defined and taken.

While ASML scanners are becoming more expensive per machine, they are delivering more value. In fact, chip makers now need to invest less in lithographic equipment to generate one dollar of revenue with their chip products, as shown in graph 11. This is good news and means that the fundamental sustainability of ASML’s business model remains in place despite increasing machine costs.

## **Managing the lifecycle of systems to serve customers**

A related set of activities to support customer satisfaction and sustainability relates to the life cycle of our products. ASML has programs that are unique in the stepper / scanner world. We keep track of ASML scanners in production, and when a customer no longer needs a system, ASML can upgrade, rebuild and refurbish the scanner. The scanners can then be either sold “like new” or “in good condition” with modified specifications. In addition, in some cases this program allows customers to take an older i-Line system and upgrade it to a system with a different, more advanced lightsource such as KrF.

In a typical year ASML rebuilds or refurbishes 30 to 50 machines via both factory and field refurbishment projects (23 systems were refurbished during the downturn year of 2009). The modular design of ASML systems facilitates this process as key modules can be removed from the system and sent back to the suppliers for rework. Once refurbished, the modules are reinstalled on the system. This includes modules like the lens, wafer stages, reticle stage and wafer handlers. Systems can also be converted or rebuilt into a new model. The systems that go into the ASML refurbishment program are mostly decommissioned from older Memory or Logic chip factories. The systems that come out can be five to 20 years old. After refurbishment these systems usually begin a new life in factories that are more focused on niche applications. Examples include Thin Film Heads, MEMS, Analog, Power Amplifiers (GaAs), Lasers (GaN), LED and Solar. In addition, many mainstream manufacturers such as the Foundries prefer to buy used systems when they need to add capacity for their more mature technology products. For PAS 5500 (an older ASML machine for 200 mm wafers), the factory refurbishment program has become so successful that ASML decided to stop manufactur-

ing new machines. It now only provides customers with factory refurbished machines that are customized for their application with full warranty but are more cost-effective and more resource-friendly. To serve this particular activity, ASML has set up a center of excellence (ACE) in Taiwan where these systems are refurbished. This is closer to Asian customers, which improves stability of service and customer interaction while reducing logistics and travel.

Options and upgrades are also used to increase the output of existing tools and thus consume less floor space and less energy per wafer output. Over the life of the tools we have often increased the productivity by 50 percent or more and thus effect a large decrease in energy cost per wafer (details of productivity gains in the Environmental chapter). For spare parts used by the installed base, ASML has a repair exchange program that enables recycling of used parts, thus saving costs and reducing scrap. Approximately 50 percent of the spare parts provided to maintain systems are repairable and included in the exchange program.

In addition to refurbishments, ASML also helps to relocate systems for customers. Each year we move more than 100 machines (approximately three percent of our installed base) at customers’ request. This means that an unchanged system is moved either at a customer’s site, between customer sites, or between customers. Very few ASML scanners have been withdrawn from use. To date we estimate that only five to 10 percent of the total machines shipped since the company’s inception in 1984 have been decommissioned, according to ASML tracking data.

Systems that are decommissioned by customers are typically used for spare parts and customers sell metal contents for re-use to scrap metal companies. The limited amount of remaining waste is almost completely

non-hazardous, such as plastic wiring, glass, ceramics and composites.

## **Customer events**

As a set of customer activities, ASML organizes a number of programs and activities for customers. These include:

- Technical Symposiums near customer facilities in order to give engineers without travel budgets access to new technologies being driven by ASML. In 2008, we organized four seminars in North America and five in Asia, where we also organized two User Meetings.
- Advanced Technology Review, an annual conference near our headquarters in Veldhoven. Customers and key suppliers are invited to send R&D engineers to get an update on lithography roadmaps.
- Every year ASML invites a Chief Technology Officer from one of its customer companies to present the keynote speech at the two-day seminar known as the internal ASML Advanced Technology Review in Veldhoven. At this seminar, internal papers from ASML employees and key suppliers are solicited and chosen for presentation. This event has grown to become one of the world’s biggest Semiconductor Lithography Conferences, drawing over 2,000 participants.
- An annual meeting, called the Advanced Manufacturing Review, in which customers’ manufacturing and operational engineers are invited to Veldhoven to share best practices on lowering the cost of ownership and maximizing machine output in the working factories.

## **Customer satisfaction award**

Our commitment to customer satisfaction was recognized when ASML achieved a top three position in customer satisfaction rankings amongst large suppliers of semiconductor equipment. The rankings were done by VLSI Research, an independent industry research firm that surveyed customers representing 95 percent of the



world's total semiconductor market. We shared the top three satisfaction rankings with non-lithography producers, which means our customer satisfaction ratings surpassed every lithography competitor for the seventh year in a row. Survey participants rewarded ASML with the highest rating of 8.65 in technical leadership, praising the company for being the “technical leader in industry”. Since 1988, VLSI Research’s annual survey has provided chip makers such as Intel, Samsung, Qualcomm, Texas Instruments and TSMC an opportunity to evaluate the equipment performance and customer service of equipment suppliers.

#### TSMC Supplier Chain Forum and Excellent Supplier Award 2009

“ASML has been honored the “Best Technology Cooperation” award at the TSMC’s ninth annual Supply Chain Management Forum 2009. This annual award recognizes the support and outstanding contributions of ASML’s supplier partners as well as awarding outstanding suppliers for their excellent performance over the past year.

Technology leadership, manufacturing excellence, and customer partnership are TSMC’s trinity of strength and the core values for its business success. With its long standing strategic partnership and collaboration with TSMC, ASML has proven its commitment to deliver excellence in technology, best in class customer service and dedication to drive the success and improve competitiveness with our customers in the semiconductor industry.”

Source TSMC 2009

# Supply Chain

## Value Sourcing for a sustainable supply chain

An important factor which differentiates ASML from its competitors is the significant contribution made by our suppliers in the development and manufacturing of semiconductor lithography scanners. At least 85 percent of the value of parts and modules of an ASML system are custom-made finished (sub) systems purchased from suppliers. This enables ASML to concentrate on its unique competences; design of the machine, system integration (software and hardware), service and support, sales and marketing. Many suppliers also handle part of the development of these integrated components, which include lens and laser systems. There are many advantages for ASML in working closely with an integrated supply base: it shortens cycle times, increases capability and quality, shares and spreads the risks of the market cycles, increases flexibility, ensures a competitive cost structure and, lastly, improves time-to-market and access to the most advanced technology.

The long-term sustainability of our supply chain is of great importance and ASML closely guards both the competitiveness of our suppliers as well as the environmental and social sustainability aspects of their business. This prompted ASML to adopt a supply chain strategy called Value Sourcing following the downturn in 2001. The strategy is based on the premise that ASML adds value to its customers through the added value provided by the ASML supply chain. Our suppliers benefit from this strategy; suppliers that are able to make permanent value-added and sustainable contributions not only improve their know-how and develop their relationship with ASML, but also improve their own competitiveness in other markets.

Of course, this integrated supply chain needs to be managed well. Developing and improving this network involves recognizing supply base risks across the organization, cross functionally, as well as deploying activities to reduce and manage these risks. ASML's risk management involves both risks pertaining to today's suppliers as well as those of tomorrow, i.e. ensuring the supplier has made timely preparations to provide tomorrow's technology.

To create a sustainable and competitive supply chain it is important that ASML's total supply chain is aligned with our customer requirements. This is why ASML communicates all relevant procedures and requirements to suppliers and contractors.

## ASML for lasting relationship with suppliers

Value Sourcing is aimed at creating lasting relationships, where both parties are assured of the required product quality, on-time delivery, the agreed technology and market conform total cost during each stage of the product life-cycle. In selecting suppliers we assess their competences and capabilities on four aspects that are derived from the Semiconductor market requirements: Quality, Logistics, Technology and total Cost (QLTC). These four aspects play important roles and ensure that our suppliers carry on improving their technology base and are capable of continuing their high value-added work, while remaining worldwide competitive and profitable on the ASML account (see figure 4).

Sustainability is an integral part of the Quality aspect. The suppliers are encouraged to implement policy plans to maintain and improve the environment, health and safety and social responsibility.

The translation of the semiconductor market requirements to our supply chain is depicted in the following figure.



Figure 4 Organization for adapting semiconductor market requirements

## Risk management in the Supply Chain

### Annual risk assessment

Part of the Value Sourcing strategy is an annual risk assessment, performed once a year, which involves product-related suppliers and key non-product related suppliers. In 2009, ASML performed this risk assessment on a total of 349 suppliers. The goal of this 'Supply-Based Risk Assessment' is to identify risks related to the following:

- Long-term Material Availability
- Technology Capability and alignment with ASML's Roadmap
- Technology Availability
- Business Continuity (including financial stability)
- Performance of the Second Tier Suppliers (the supply base of our suppliers)
- Sustainability (environmental, social and health and safety aspects)

## Supplier profiles

Based on this assessment an overall risk profile of each supplier is generated. Out of the 349 suppliers, 38 product-related suppliers and 10 non-product-related suppliers were assessed as having a high risk profile with high spending. For these “Key Suppliers”, ASML set up Supplier Account Teams (SAT) where both experts from ASML and from the supplier work together on identifying shortcomings between ASML customer-derived QLTC performance criteria and the actual ability of the supplier to meet these criteria. This is done within the structured process of SAT Supplier Profiles where gaps are discerned between the required and measured supplier performance, improvement plans are initiated and actively followed up. As we strive for long-term relationships, we encourage suppliers to spread risk and to be active in different markets. We require that our suppliers generate at least 75 percent of their total turnover from customers other than ASML, which has helped them weather semiconductor industry downturns. Many ASML suppliers use knowledge and expertise learned from ASML in other markets. This mitigates risk for both parties and enables the supplier to increase its share in other markets

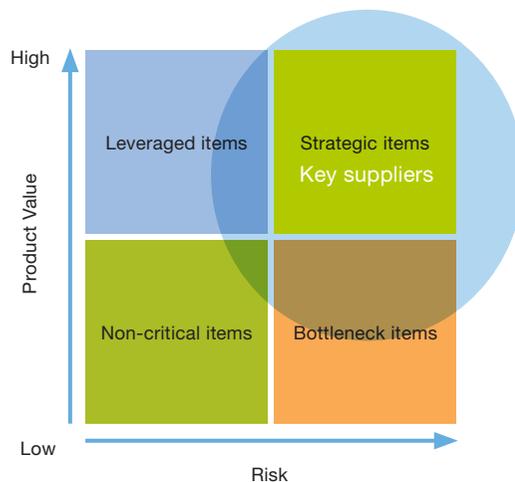


Figure 5

## Sustainable Supply Chain

ASML believes that when a supplier has a balanced performance on QLTC (which includes sustainability checklists), this not only has a positive impact on the total costs of purchased parts and modules, but also on the people working for ASML and the supplier. ASML has therefore implemented detailed and transparent processes with our suppliers to ensure long-term sustainability of our supply chain, while respecting the needs of our suppliers, the rights of their employees and respect for the environment. Therefore, special attention in the risk assessment is given to sustainability. This annual effort is also part of the mandate of ASML’s ISO 14001 Environmental Management System.

### Environment

All of our 38 product-related key suppliers have an Environmental Management System that includes all relevant aspects. They all:

- Have a documented environmental policy, which has been reviewed at least once in the last 12 months
- Deliver environmental awareness training to its employees
- Perform periodic internal environmental audits
- Have a waste disposal policy leading to maximum recycling and environmentally responsible disposal
- Have an active policy for achieving energy savings

All our key suppliers had an Environmental Management System (EMS) in place (2008: 90 percent). We aim to hold all product-related key suppliers to all environmental aspects covered by EMS.

### Health and Safety

All of our 38 product-related key suppliers have the following aspects in place. They all:

- Have a Health and Safety policy
- Perform periodic Health and Safety audits
- Have an emergency response team
- Have an emergency response plan
- Have a safety committee or a Health and Safety specialist

ASML scored 100 percent in 2009 on these aspects (2008: 97 percent). From 2010, ASML aims to maintain a score of 100 percent for all product-related key suppliers.

### Social

All of our 38 product-related key suppliers meet the ASML requirements by stating that they respect Human Rights, nor will they employ child or forced labor, discriminate against employees or applicants on the basis of race, sex, religion, ethnicity, etc. This will remain the target for 2010 and beyond.

### Supplier audits

ASML uses the outcome of the annual risk assessment and the actual performance of the supplier to plan audits at suppliers. The scope of the audit will be determined based on the identified risk(s) and performance issues. In the audit outcome, improvement areas are identified to decrease the supplier risk related to the ASML risk assessment issues, as mentioned earlier.

### ASML supports Small and Medium Enterprises

ASML has made “Value Sourcing” methodology available to the high-tech industry in the Netherlands. A platform called “Point One” has been created by the Netherlands Ministry of Economic Affairs which enables an exchange of knowledge between large Original Equipment Manufacturers (OEMs) and the supply industry. ASML has a leading role in this platform, whose main goal is to create a standard for supplier requirements of large OEMs for small and medium enterprises (SMEs). ASML shared its sustainability knowledge and method of supplier management with this platform, which is now part of the standard determined requirements. In this way, SME suppliers can work more efficiently and

focus on the appropriate aspects. This was recognized in the field as well, for example at the Dutch consultancy Berenschot: “It was difficult for SMEs to meet international standards. The highly divergent supplier management methodologies used by OEMs hindered this possibility. The methodologies are now better aligned with each other.”

### Sound supply chain during 2009 economic downturn

For ASML and the ASML Supply Chain, 2009 was a challenging year. Not only did market needs decrease substantially over the course of the year, also other markets served by our suppliers declined. In 2009 we extended our annual Assessment with a specific focus on business continuity and maintaining Technology & Production competences in our supply base. Given the nature of our High-Tech products, we apply a vast and multi-layer network of suppliers who also involve their supply base. In 2009, ASML employed more than 10,000 people in the overall supply chain (based on total ASML spending in 2009 and an average turnover of € 125,000 per employee in the supply chain). Critical technology products are often developed and produced by suppliers deep in our supply chain. In order for our suppliers to best adapt to the downturn, we sent weekly demand updates, which enabled suppliers to adjust their organizations more quickly.

Market developments in 2009 proved that our Supply Base was sufficiently robust to cope with the volume decrease, as evidenced by the fact that there were no bankruptcies in the first tier supply chain.

Both ASML and its suppliers have been rewarded for the mutual effort and investments in designing and structuring the multi-layer supply base from which many suppliers also harvest for other customers.

Table 3 Geographical distribution suppliers & purchases

Region	Percentage of suppliers 2008	Percentage of purchasing cost 2008	Percentage of suppliers 2009	Percentage of purchasing cost 2009
Asia	0.8%	3.7%	1.8%	2.3%
Europe	49.0%	81.3%	52.7%	83.5%
Netherlands	38.2%	42.2%	41.8%	52.3%
Rest of Europe	10.8%	39.1%	10.9%	31.2%
USA	50.2%	15.0%	45.5%	14.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

This resulted in a strong and healthy supply base, able to weather the 2009 market turmoil.

### Supplier-related payments

In 2009, ASML engaged over 3,300 suppliers, from which it purchased € 1,253 million in products and services, down from € 2,010 million in 2008. In 2008, ASML spent € 1,353 million on products and € 786 million on services, compared to € 704 million and € 549 million, respectively, in 2009. The geographic distribution of ASML's suppliers and purchases is described in the table on this page.

The geographic consistency of the distribution of suppliers in 2009 was comparable to 2008, which can be explained by ASML's focus on long-term supplier relation management.

### Outlook and Targets for 2010

ASML is convinced that our QLTC approach and our methodology of risk assessment ensures that we hold our suppliers to the implementation of sound sustainable policies. Nevertheless, we are planning a number of actions to improve the performance of our suppliers in the areas of environment, health and safety and social responsibility.

- ASML has set targets for 2010 to retain a 100 percent score on:
  - Product-related key suppliers with an EMS
  - Product-related key suppliers that meet ASML social requirements
  - Product-related key suppliers with a Health and Safety Management System
- In 2010, ASML will continue to execute its Value Sourcing Strategy and direct specialized competencies to our suppliers in order to help them improve on all QLTC aspects.
- Although the QLTC approach is well-developed and adapted to our entire supply chain, and is setting an example for other industries, ASML will increase the importance and the visibility of sustainability within the supply chain as regards the QLTC criteria. To this end, in 2010 ASML will initiate an analysis with a view to adding a set of additional sustainability criteria. These criteria may be in the areas of CO<sub>2</sub> emissions, water use & recycling, waste recycling & disposal and logistics.
- In 2010, ASML will establish a sustainability training program for buyers and procurement account managers. This training program will provide them with sufficient knowledge about environmental aspects and give them the opportunity to increase supplier awareness of sustainability.

# Environment

## Environmental Impact

The semiconductor manufacturing process requires several steps, the most important of which are the creation of silicon crystal from molten silicon, imaging electronic circuits on the silicon wafer in a lithography machine with the help of laser light, etching and baking, and finally packaging and testing. Each process requires certain amounts of energy, water, chemicals and other resources, and generates a certain amount of waste.

In the chip industry, ASML's impact on the environment has three aspects:

1. Shrink: The reduced energy, resources and waste when using a chip as a result of ASML's capabilities to shrink the features on a chip
2. Chip production: The energy, resources and waste resulting from manufacturing a chip on a production line, including the ASML scanner
3. Scanner production: The energy, resources and waste associated with manufacturing an ASML scanner

The following illustration (figure 6) shows that the largest amount of energy is consumed by the chips themselves – this graph is based on a DRAM memory chip and holds true for most chips. The biggest benefit to the environment would involve reducing the amount of energy needed by the chip. Thanks to ASML's lithographic tools, we can shrink the size of electronic features on a chip and reduce energy consumption. This is the biggest contribution we can make. On top of this, we aim to reduce our own emissions. In this chapter we will explain our sustainability contributions to these areas.

### 1. Shrink

The majority of the energy consumed and waste gener-

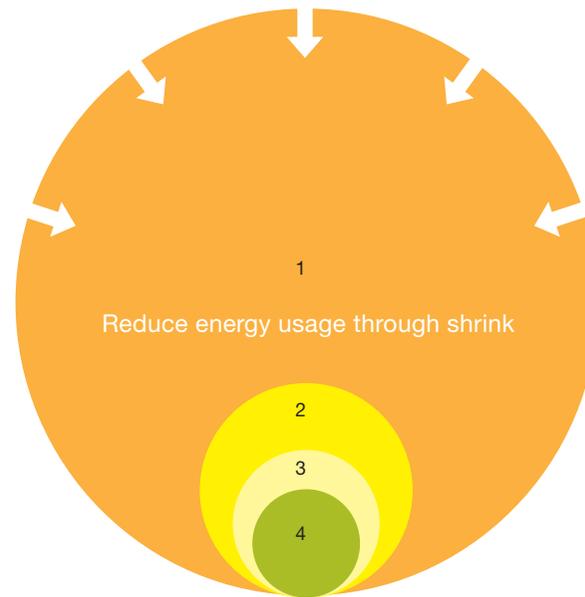


Figure 6

ated from the chip in its lifetime is from its daily use. Smaller resolution chips (shrink) use less energy. ASML's contribution to helping our customers shrink the size of transistors on a chip, thereby reducing energy consumption of the chip, offers the greatest opportunity to sustain our knowledge economy.

### 2. Chip production

Using an ASML scanner in a factory to image chips also requires energy and resources. This is addressed by ASML in two ways.

A. ASML has repeatedly introduced completely new generations of scanners, which has significantly reduced the size of transistors "printed" on the silicon wafer. The size of the smallest feature has shrunk more than 6,000 times, while the energy consumption of the scanner itself has remained relatively stable. We also introduced water cooling instead of air cooling, which is four times more energy efficient, and we have introduced more efficient motors and pumps. We retrofit many of

- 1 Energy consumption of transistors on chips produced by one production line for 1 year (34 kilotonne of CO<sub>2</sub>)
- 2 Energy consumption of one production line for 1 year (3.8 kilotonne of CO<sub>2</sub>)
- 3 Energy consumption of ASML scanner for 1 year (0.14 kilotonne of CO<sub>2</sub>)
- 4 Energy needed to make a scanner = 0.1 kilotonne of CO<sub>2</sub> (depreciated over 5 years)

Source: ASML

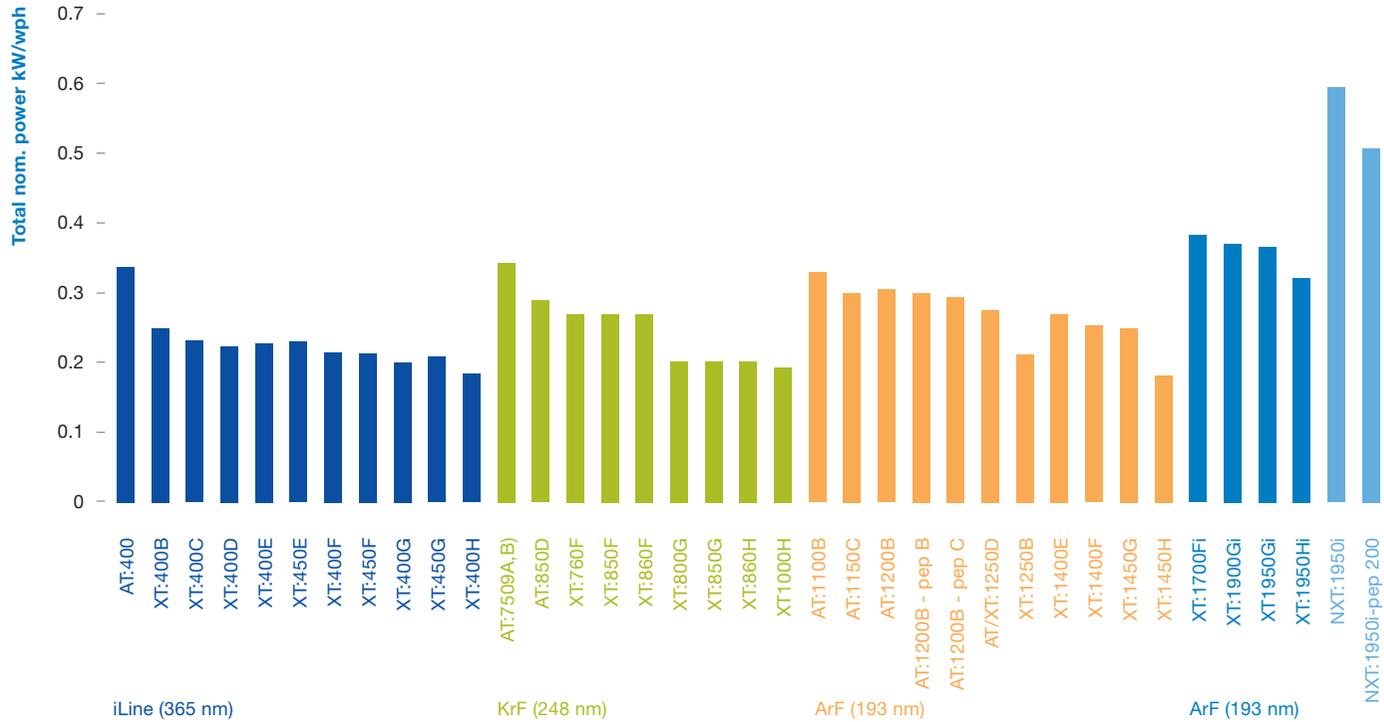
Note: The size of the circles do not represent exact proportions.

these improvements on older models, which is reflected in our substantial business in Field Options and Service sales.

All this means chip producers require much less energy and resources to produce a transistor. It is estimated that producing a fully functional electronic transistor is now thousands of times cheaper than printing a character in a newspaper.

Thanks to increased performance and efficiency measures, energy consumption is on a modestly increasing path but trending down within every generation of scanners, even when standardized per wafer output, which does not reflect the increased added value per wafer by adding more transistors or bits.

What you don't see in graph 12 is the added value of our lithography systems, because every new generation of our scanners can image many more transistors on a single wafer. This means that a wafer coming out of

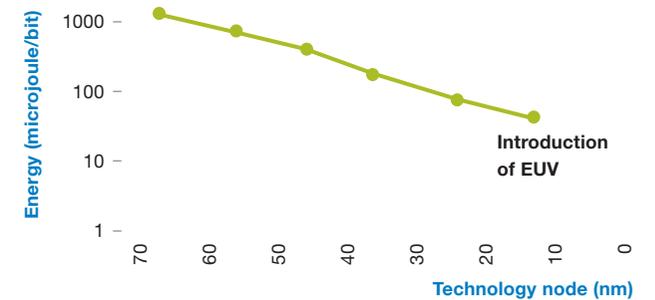


Graph 12 Total nominal Power kW/wafers per hour (NXT: provisional and estimated data)

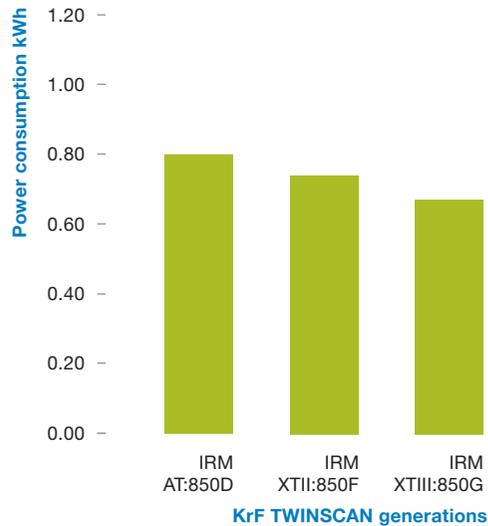
a new machine contains more computing and memory power than one from its predecessor. If we include the miniaturization capability of our machines, the next graph shows how much energy is needed to image the smallest feature on a chip. Over time, lithographic scaling has led to an exponential reduction of energy needed to create transistors and memory cells.

Our new EUV scanner is expected to use significantly more energy, which is almost entirely related to the new EUV light source. However, as we explained earlier, shrinking the size of transistors is the biggest contribution we can make to the environment, and EUV is the breakthrough technology which will take further miniaturization well into the next decade.

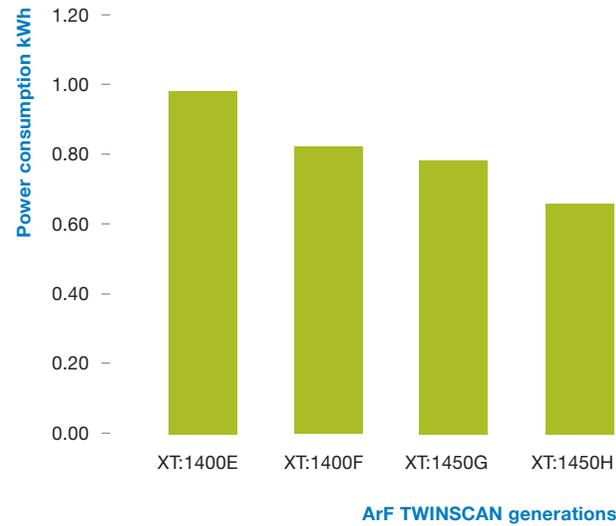
While a more energy-intensive EUV system will gradually become the workhorse of the chip industry in the next decade, the impact on total energy consumption of a production line to produce one transistor or memory cell will remain modest. ASML estimates that our scanners account for a relatively small part of the total energy used by a chip maker – we estimate it at 2 to 3 percent based on the performance of our current most advanced scanners in the field, growing to around 9 percent when EUV is introduced. The energy needed to produce one complete, but much smaller, transistor will therefore continue its positive trend, as seen in graph 13.



Graph 13 Total energy to create a NAND memory cell  
Total energy consumption per memory bit continues to fall sharply with EUV  
Source ASML



Graph 14 Power consumption per wafer



Graph 15 Power consumption per wafer

We have programs in place that will improve the energy efficiency of this complex technology over the next few years, and together with our customers we will explore further opportunities to re-use thermal energy.

B. We have achieved incremental improvements in our existing architecture. This technological evolution is visible in the KrF product family which has resulted in a 15 percent decline in energy use per wafer per generation as shown in graph 14.

The more recent ArF product family has also started a similar trendline as evidenced in graph 15. We achieve better energy efficiency through higher productivity at roughly equivalent power consumption.

### 3. Scanner production

The third impact ASML has on the environment is related to our own manufacturing sites and offices. While ASML

is a modest consumer of energy, emitting greenhouse gases similar to those emitted by a medium-sized financial institution or a publisher (source: Carbon Disclosure Project 2009) new generations of lithography systems require more resources. Our new scanners use more water and our EUV scanners have powerful lasers that use more energy. In addition, the new systems are larger and require more cleanroom space to build and operate, increasing the size of climate control systems.

While our environmental footprint is modest, we acknowledge that our aim to reduce total usage of resources is challenged by our new products, additional capacity and continuing new product development. Therefore, in order to take our responsibility as a corporate citizen and commit to being responsible with energy and other resources and waste emissions, we will introduce a mix of efficiency, recycling and conversion efforts to improve our environmental sustainability

performance. Using 2010 as our base, we have set an ambitious corporate target to reduce CO<sub>2</sub> emissions by 50 percent in 2015. We will work towards this goal in the following ways:

- Improve energy efficiency of offices, clean rooms and installations
- Improve efficiency of scanner systems and lasers
- Reduce emissions of on-site installations
- Substitute grey electricity with green electricity

All categories offer significant opportunities and we will report on progress towards our target in next year's Sustainability Report.

Furthermore, we plan to recycle 90 percent of non-hazardous waste by 2015 (2009: 52 percent) by introducing improved recycling systems and redesigned packaging. Our aim is to recycle as much hazardous waste as possible, but where this is not possible due to small volumes we will process it in a controlled manner through special high-temperature incineration with energy conversion. Larger volume categories of hazardous waste offer the opportunity of recycling, which we have taken and will continue to take. In 2009 we recycled 79 percent of hazardous waste, and our target is to recycle 80 percent by 2015.

In order to become more efficient with water, we will make water conservation part of our 2010-2015 construction plans at our manufacturing site and headquarters in Veldhoven and elsewhere. Our equipment uses a significant waste stream of immersion water from the immersion system which can be re-used by ASML and the customer for less critical applications (e.g. rinsing of wafers). We believe there may be additional opportunities and will investigate these in 2010 and report on targets in next year's Sustainability Report.

Lastly, it is worth mentioning that our systems are mainly built from metals. Very little plastic is used and the use

of chemicals in our machines is also very limited. ASML follows the SEMI guidelines for our systems and is actively involved in SEMI regulations, like the SEMI International Compliance and Regulatory Committee, in which new and upcoming regulations are discussed. Although ASML systems are excluded from the RoHS (Reduction of Hazardous Substances) directive as they involve Large Scale Stationary Equipment, ASML is voluntarily working on implementing the RoHS restrictions for materials to be compliant with the legal due dates and demands by 2011. ASML screens all new materials for RoHS and REACH (Registration, Evaluation and Authorization of Chemicals) legislation. For new products, multi-discipline Sustainability reviews were organized to determine risks in the development process and to determine necessary control measures. ASML has started to implement the RoHS requirements to outsourced designs and parts of the equipment.

ASML's commitment to continuously improving its environmental performance means that environmental considerations are part of its day-to-day business decisions. Environment-related expenditures are likewise included in normal procurement and investment decisions.

### Environmental Footprint

ASML operates four production sites around the world. Its biggest production site is in Veldhoven, the Netherlands. Furthermore ASML has cleanroom facilities in the USA and Taiwan. In Richmond, a production site manufactures optic components for the ASML systems. For these production locations, consumption of resources is registered and reported quarterly to the environmental program director. The month after the end of each quarter a Sustainability Board meeting is planned to be organized, in which trends are discussed and actions are initiated.

<i>Table 4</i> <b>Energy consumption</b> (x 10 <sup>12</sup> Joule)	<b>2007</b>	<b>2008</b>	<b>2009</b>
Fuels purchased	357	315	275
Electricity purchased	393	459	498
<b>Total energy use</b>	<b>750</b>	<b>774</b>	<b>773</b>

<i>Table 5</i> <b>Energy consumption per region</b> (percent of total energy consumption)	<b>2007</b>	<b>2008</b>	<b>2009</b>
Asia	0%	0%	4%
Europe	70%	72%	70%
USA	30%	28%	26%

### Electricity and fuel consumption

As can be seen in table 4, for all ASML production sites total energy use remained at the same level in 2009 compared with 2008. The company's worldwide electricity consumption increased by 8.4 percent, while fuel use decreased by 12.8 percent. The total energy consumption figure is calculated by taking the sum of energy from fuels purchased as well as energy from electricity purchased. The fuels that are used at ASML sites consist of natural gas, fuel oil, propane and hydrogen.

Our fuel use has decreased due to the limited use of the cogeneration plant (which produces electricity with the help of natural gas) at our Veldhoven facilities and the closing of a building in our Tempe facilities. Electricity use increased mainly because of the expanded

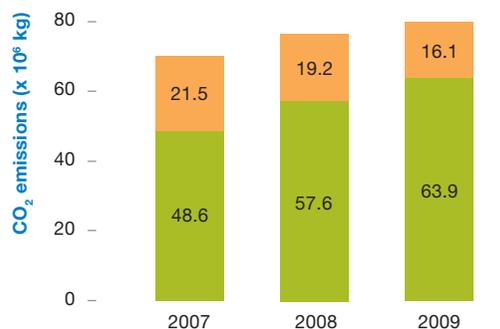
Veldhoven production facilities. ASML traditionally continues to invest in new technology and production facilities during cyclical downturns in order to maximize benefits from cyclical upturns. In addition, ASML opened a production site with cleanroom facilities in Linkou, Taiwan (see table 5).

In 2009, ASML launched a new investigation into potential energy conservation for the production plant in Veldhoven. This investigation will be finalized in 2010.

### Air emissions

The most evident air emissions from ASML production sites involve CO<sub>2</sub> emissions, which are calculated for direct CO<sub>2</sub> emissions (from the combustion of fuels by ASML) as well as indirect CO<sub>2</sub> emissions (from purchased electricity).

<i>Table 6</i> <b>Emissions of greenhouse gases per region</b> (percent of total emissions of greenhouse gases)	<b>2007</b>	<b>2008</b>	<b>2009</b>
Asia	0%	0%	6%
Europe	68%	65%	68%
USA	32%	35%	27%

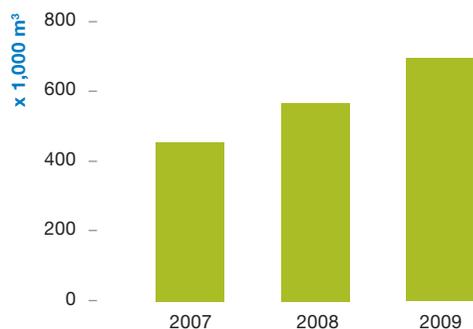


Graph 16 Total emissions of CO<sub>2</sub>

■ CO<sub>2</sub> direct (from purchased fuels)  
■ CO<sub>2</sub> indirect (from purchased electricity)

For the calculation of the CO<sub>2</sub> emissions from purchased fuels and purchased electricity, up-to-date emission factors have been used per production site. Even though total energy usage in 2009 was stable in comparison with 2008, CO<sub>2</sub> emissions increased by 4 percent (see graph 16). This was mainly due to increased electricity use at Veldhoven and the new production facility in Linkou, Taiwan, which was partly offset by office closures in Tempe. In 2009, the ACE production facilities in Taiwan started reporting their electricity use and accompanying air emissions, which explains the increased emissions in Asia (see table 6).

In 2009, ASML Netherlands B.V. acquired a NO<sub>x</sub> emission trade permit. In accordance with this permit, ASML must monitor, measure, register, verify and report its NO<sub>x</sub> emissions. The NO<sub>x</sub> emissions in Veldhoven in 2009 decreased by about 14.1 percent compared to 2008, from 54 x 10<sup>3</sup> kg to 45 x 10<sup>3</sup> kg. This decrease is purely based on the decrease in fuel consumption.



Graph 17 Tap water consumption

#### Water consumption

ASML is committed to containing and reducing its water consumption through comprehensive state-of-the-art re-use, recycling and other water reduction projects. All water used is tap water. Total water consumption at ASML increased by 20.8 percent in 2009 compared to 2008 (see graph 17). Water efficiency has deteriorated as a result of the increasing immersion and EUV production activities in our facilities at Veldhoven and Wilton, as well as the data reported from our new ACE facility in Taiwan (table 7). Our increasingly popular immersion machines use ultrapure water between the lens and the wafer (see economics – products section). This ultrapure water is produced by ASML itself with the help of a purifier.

About 1.25 liters of water are needed to produce 1 liter of ultrapure water. EUV machines and lasers in Veldhoven and Wilton require more cooling water than previous machine types.

Waste water in Veldhoven and Wilton is discharged via neutralization units. The level of acidity in the waste water after passing through the neutralization units is continuously monitored. In Veldhoven, the quality of discharged waste water is checked annually by an independent expert, according to legal requirements. There was no violation of the legal waste water quality standards in 2009.

#### Waste materials

ASML uses mainly non-hazardous materials to construct products, such as metals, glass, modest amounts of plastics and wiring. ASML machines are tested by processing wafers as if in a real semiconductor factory. For the coating and development of these wafers, chemicals are used in process labs on ASML premises. The use of these chemicals is monitored.

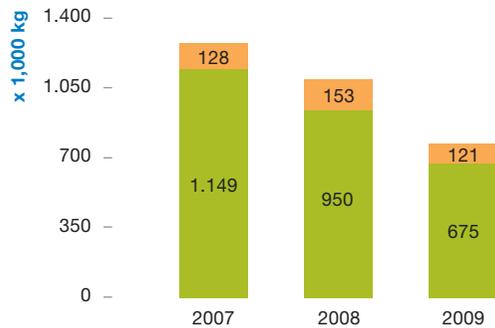
In its lithography machines, ASML uses gases for rinsing and conditioning purposes. In addition to XCDA (extra clean dry air) inert gases are used, such as nitrogen, xenon, neon and helium. Hydrogen gas is also used in the lithography machines for cleaning purposes. The use of these gases is monitored on a daily basis. ASML strives to minimize waste and enhance efficiency

Table 7 Tap water consumption per region (percent of total tap water consumption)

	2007	2008	2009
Asia	0%	0%	10%
Europe	70%	77%	67%
USA	30%	23%	23%

in the use of materials throughout our operations. By maximizing our recycling efforts, we promote sustainable production practices and have reduced landfill. ASML facilities in Veldhoven, Wilton, Tempe and Linkou operate metal, glass, paper and plastic collection and recycling programs. In addition, product shipping containers are returned to the company for re-use. At our Veldhoven facility, we separate foil and plastic waste from the company waste. The foil is then separated by type of polymer (polyethylene and polypropylene) and recycled into granules ready for use by the plastic processing industry.

Non-hazardous waste materials decreased by 29.0 percent in 2009 compared to 2008 and hazardous waste also decreased by 21.0 percent. This can be explained by the reduction in production activities in 2009 in Veldhoven and Wilton. ASML's total waste disposal decreased by 27.9 percent in 2009 (see graph 18). Of all waste materials disposed in 2009, 92 percent were disposed in Veldhoven. Of all waste materials disposed in Veldhoven, 55.3 percent were recycled. Of the remaining disposed waste materials, 44.3 percent were incinerated



Graph 18 Waste materials

■ Hazardous waste materials  
■ Non-hazardous waste materials

Table 8 Disposal of waste materials per region  
(percent of total disposal of waste materials)

	2007	2008	2009
Asia	0%	0%	2%
Europe	95%	94%	92%
USA	5%	6%	6%

using energy conversion and less than 0.5 were landfilled. As mentioned above, total waste amounts disposed by ASML fell as a result of decreased business activity. This decline came about despite the set-up of the ACE, Linkou facilities of ASML in Taiwan, the start of reporting waste disposals in 2009 and an increase in the volume of waste materials in Tempe, Arizona due to clean-up activities related to the closing of one building (see also table 8).

#### Environmental incidents

In 2009, one environmental incident was reported at our production site in Wilton. In October, a hydraulic oil hose fitting leaked onto our asphalt-paved building exterior from our waste cardboard compactor. The area was properly cleaned with an oil absorbent material, collected and containerized for proper contracted disposal. The legal authorities in Connecticut were immediately notified. The fitting was repaired that same day by the compactor's waste hauling company. The legal authorities decided that no follow-up action was needed and no fine was incurred.

#### Logistics

Logistics is not included in ASML's CO<sub>2</sub> official footprint reported on page 31, but it is clear that we have a responsibility to be efficient in our Logistics efforts. In 2009 - a downturn year - we shipped 82 systems, arranging shipping for 49 systems, while our customers arranged shipping for the remaining 33. The shipment of one Twinscan machine takes two specially designed aluminum

containers with stringent climate conditions. Most of our shipments are destined for Asia and the United States. Customers want their new systems installed as soon as possible after they leave the ASML factory in Veldhoven, because of the high capital cost of a machine and because of the high revenue and profit-generating potential of an ASML scanner early in its life. Our customers therefore expect their scanners to be shipped overnight by air instead of sea, which would take weeks. Air freight has a higher CO<sub>2</sub> footprint than ocean shipments, and ASML has investigated ocean shipping as an alternative for non-urgent freight. The volume of non-urgent shipments is low and would require new, heavier containers to withstand ocean shipping conditions.

Instead, we focused our efforts in 2009 on reducing travel altogether by storing empty containers near a customer's premises for re-use, instead of returning them to headquarters in Veldhoven for cleaning and repair. Local partners in Asia now prepare the containers, which are then used for shipments between chip makers in the region. This has resulted in fewer kilometers traveled and a savings of € 372,000 in shipping costs in 2009, which had a positive impact on CO<sub>2</sub> emissions. This program will be expanded in 2010 and beyond. We opened a distribution center for spare parts at Incheon airport in South Korea in 2009, which has two beneficial impacts: it reduces delivery times of spare parts to Asian customers by 16 to 30 hours, while also reducing intercontinental freight costs and CO<sub>2</sub> emissions because we can consolidate shipments.

Ground shipments to ASML from our suppliers were also scrutinized in 2009, leading to the installation of storage hubs near ASML's manufacturing facilities in Veldhoven. Instead of delivering directly from their own sites, suppliers can now deliver just in time from this hub. ASML and its suppliers have calculated that it can reduce the number of long-distance transports by half. Eight of our 38 product key suppliers joined this program in 2009, and we plan to add more key suppliers in 2010. Also in 2009, we joined a transport collaboration network comprising different industries. The aim is to consolidate shipments between countries and regions insofar as these take place outside the consolidated shipments from global logistics companies. This should also help reduce long-distance freight volumes.

#### **Management system**

To achieve the objectives as written down by our Board of Management in the Sustainability Policy, ASML has integrated Environmental Management into its business planning and decision-making. Targets have been established and environmental performance is monitored on an ongoing basis. These targets include further investigations into improvements in energy management, noise levels, soil risk management, management of transportation, as well as improved training provisions and communication on environmental matters.

Since January 1, 2003, ASML's environmental management system has been certified according to ISO 14001, starting with ASML locations in the Netherlands. From April 1, 2004, this system was applied to ASML activities worldwide.

The ISO 14001 certification covers all worldwide activities and locations, including marketing, design, sales, installation, product support and manufacturing of wafer steppers, scanners, optics and customized lithographic equipment.

To check compliance with those standards, regular audits are performed by independent experts. We adopt new technologies and operating procedures with a view to improving environmental performance. ASML is subject to environmental regulations in areas such as energy resource management, the use, storage, discharge and disposal of hazardous substances, recycling, clean air, water protection and waste disposal. We have taken measures to comply with these regulations in the course of our business operations.

ASML facilitates awareness of environmental topics among its employees. More information on the combined EHS training can be found in the Health and Safety chapter.

#### **Audit**

Accountability and transparency can only be guaranteed by a well-designed audit process. ASML conducts audits, followed by corrective actions and regular management reviews, to monitor and ensure that our management system procedures are operating effectively and efficiently.

In addition, in 2009 ASML introduced an annual auditing procedure of the internal controls over the ASML sustainability reporting process. The intention is to further integrate this audit topic with the existing audit plan. Internal ISO 14001 audits are performed regularly at ASML sites according to a worldwide audit schedule, and if possible combined with Health and Safety audits. Our internal auditors are trained to accepted relevant standards. Audits are coordinated centrally but where possible, are conducted by local auditors. Non-compliances found during these internal audits are identified as Environmental Action Requests (EAR) and monitored to ensure timely completion by the respective action holders.

External audits are conducted by an external certification body (within the scope of ASML's ISO 14001 certified environmental management system). External auditors are accompanied by local EHS staff. In 2009, BSI Global performed new surveillance audits of ISO 14001 at several ASML locations. In its review at year-end 2009 they commented that "ASML implemented an effective environmental management system." It was concluded that ASML remains in compliance with the ISO 14001 standard.

#### **Environmental permits and legal compliancy**

ASML has all the necessary environmental and safety permits for its buildings and operations at all locations. These permits are maintained, updated and checked for compliance in consultation with local authorities. In 2009, periodical compliance visits were conducted by local authorities. No major non-compliance was found. ASML remains fully compliant with local legal requirements.

# Workplace and Careers

ASML aims to offer a safe and fulfilling work environment for talented people from all backgrounds and genders, as we recognize that our work is highly knowledge-intensive and can only be done well if employees feel supported, free and encouraged to give it their best. Supporting our mission is a set of actions aimed at realizing this vision, which are discussed below.

As we entered 2009, our mission was challenged by the global economic downturn which threatened job security. ASML had already taken steps to anticipate a sales decline with the Integral Efficiency 2010 and its successor IE<sup>2</sup> programs. However, these efficiency and cost-cutting measures were not sufficient in the rapidly deteriorating environment. We needed to cut deeper into our cost base. ASML therefore decided to resize the company, with the exception of two strategic parts of the business. All strategic R&D projects were continued and we maintained a level of manufacturing capacity sufficient to increase production if needed in an economic recovery. During the downturn, we reduced our total workforce by around 12 percent, or approximately 1,000 employees, mainly temporary staff. Almost all affected employees in R&D, Manufacturing and Customer Support, where most of the cuts took place, were informed in face-to-face meetings.

Despite these adjustments, we have been able to offer job security to almost all payroll staff. This sense of security has allowed our employees to focus on the execution of very important projects. It is thanks to their hard work on these programs that we have emerged from the downturn with stronger technology, new products and improved work processes.

In 2010, ASML aims to further develop sustainability aspects in our workplace and careers policy. A number of working groups will be analyzing and implementing future improvements in the following areas:

- Diversity & Inclusion
  - Start an analysis to determine the opportunities to further strengthen ASML diversity efforts
  - Evaluate and improve the employee complaints procedures to stimulate inclusion at ASML
- Talent attraction, management and employee engagement
  - Increase efficiency of work organization
  - Improve access to relevant job-related information
  - Enhance career & development focus for employees
- Health, Safety & Wellness
  - Take measures to decrease the number of product-related incidents at client sites to zero
  - Take measures to achieve a zero occupational injury rate at ASML facilities
  - Initiate an analysis to improve the wellness of ASML employees to prevent illness

## Employment overview

ASML supports the general principles of the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the ILO, as well as

the general principles laid down by the OECD in its Guidelines for Multinational Enterprises. ASML has a zero-tolerance policy on any form of discrimination by any of our employees. We provide equal opportunities in recruiting, hiring, education, promotion and compensation without discrimination for race, color, gender, age, religion, political opinion, nationality or social origin. We profile employee characteristics to meet established governmental policies for promoting equality of employment opportunities or when it relates to the inherent requirements of a job. We respect the different cultural identities of our employees.

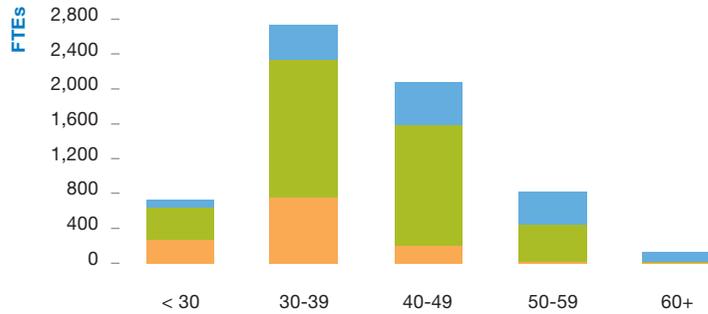
## Headcount

As of 31 December, 2009, ASML's workforce totaled 6,548 full-time equivalent (FTE) worldwide, a decrease of 5.5 percent compared to 2008. Table 9 shows ASML's workforce by region and gender.

Women make up 11 percent of ASML's total workforce, which remains unchanged over the 2008 level. The so-called gender gap typically found in technology companies worldwide is also present at ASML.

Graph 19 on the next page shows the breakdown of the FTEs by age.

<i>Table 9</i> Workforce by region and gender	Asia	Europe	USA	Total
Number of payroll employees in FTEs	1,291	3,800	1,457	6,548
Female %	13	10	12	11
Male %	87	90	88	89



Graph 19 FTEs of ASML by age

Asia	1,291
Europe	3,800
USA	1,457

Total amount of FTEs 6,548

The breakdown of ASML employees is shown in table 10 by FTE distribution over the company's main sectors.

In addition to the 6,548 payroll employees (in FTEs), there are 1,137 temporary employees (in FTEs), which is 14 percent less compared to 2008. The largest group of employees is in Field Customer Support, which provides services 24 hours a day to customers worldwide. Activities include installation of tools, maintenance and repair based on service contracts and application support.

### Employee turnover

The economic downturn meant ASML was forced to cope with significantly lower demand for ASML systems in the third and fourth quarters of 2008 and throughout 2009. The influx of new employees was limited during this period, particularly when compared to previous years. In total, ASML recruited 112 new employees in 2009, compared to 794 in 2008.

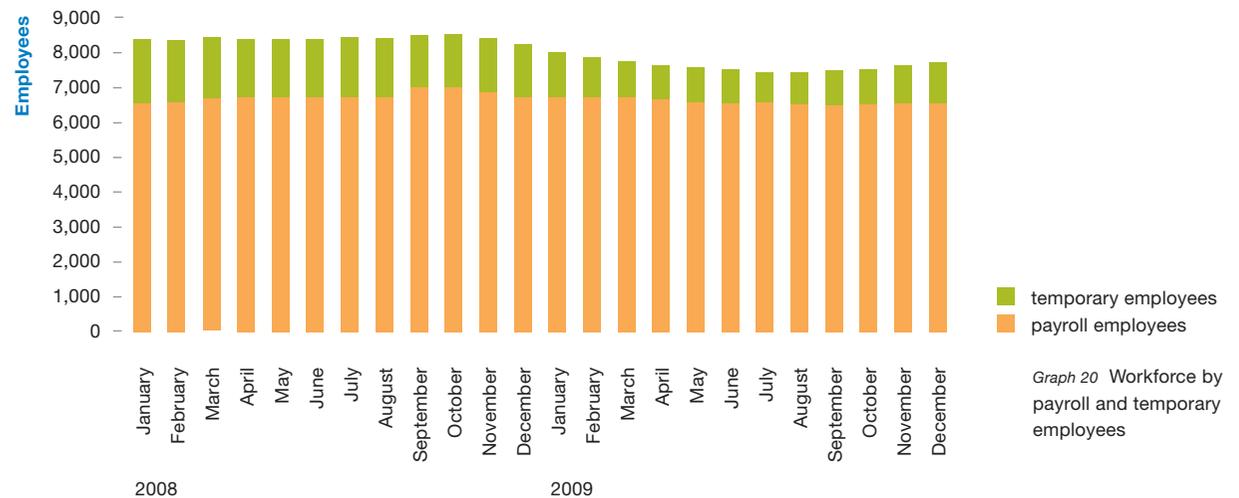
ASML's employee turnover in 2009 was 8.5 percent, compared to 6.4 percent in 2008. This increase is mainly

	Total FTEs 2008	Total FTEs Asia	Total FTEs Europe	Total FTEs USA	Total FTEs 2009
Product	577	122	224	128	474
Field Customer Support	2,317	914	420	531	1,865
Development & Engineering	1,567	18	1,299	276	1,592
Planning & Manufacturing	1,291	46	995	353	1,393
Supply Chain Management	420	53	234	64	351
Corporate Support	759	128	397	78	604
Industrial Engineering		10	232	27	269
<b>Total</b>	<b>6,931</b>	<b>1,291</b>	<b>3,800</b>	<b>1,457</b>	<b>6,548</b>

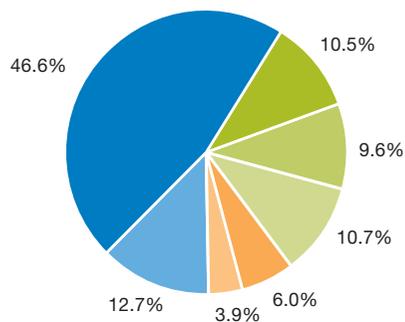
	Asia	Europe	USA	Total
Non Voluntary	43	85	215	343
Voluntary	89	105	26	220
<b>Total</b>	<b>132</b>	<b>190</b>	<b>241</b>	<b>563</b>

due to layoffs in Tempe, resulting from the closure of a facility there. The percentage of voluntary turnover dropped to 3.3 percent (compared to 4.5 percent during 2008). The employee turnover per region is shown in table 11.

Despite the economic downturn, ASML was able to offer job security to most of the payroll employees, as can be seen in graph 20. This illustrates that in a volatile, short-cycle market, a relatively high fix – flex ratio provides more job security to our payroll employees.



Graph 20 Workforce by payroll and temporary employees



Graph 21 Number of nationalities hired 2008

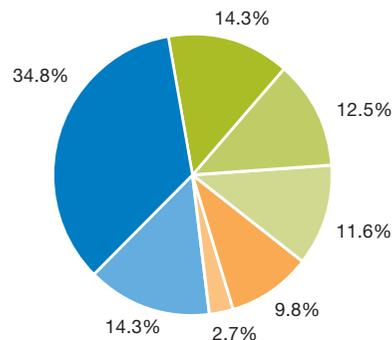
Dutch	370	Japanese	48
Taiwanese	83	Korean	31
American	76	Rest of the world	101
Chinese	85	(27 nationalities)	

Total number of employees hired 794

### Workforce Diversity & Inclusion

ASML aims to have a diverse and multicultural workforce, which combines many different competences and ensures a good cultural mix among our employees. ASML is a company with a high level of cultural diversity, which attracts talent from all over the world and continued to do so, despite the crisis. Graph 21 and 22 show the nationalities of the new hires in 2008 and 2009.

The online international “Cultural Navigator” is an e-learning resource for increasing cultural knowledge, awareness and understanding, and available to all ASML employees. It highlights over 100 cultures with comprehensive information on country, culture, economy, business and management practices. In working with colleagues (or suppliers and customers) from different backgrounds; it helps to better understand habits and cultural preferences so we can be more successful in communication and cooperation.



Graph 22 Number of nationalities hired 2009

Dutch	39	Japanese	11
Taiwanese	16	Korean	3
American	14	Rest of the world	16
Chinese	13	(9 nationalities)	

Total number of employees hired 112

Table 12 gives an overview of the split between Dutch and non-Dutch employees (note that around half of the company’s workforce is based at the Dutch headquarters in Veldhoven).

ASML’s supervisory board consists of eight members, of which two are female. Four of these members are Dutch nationals.

The merit (salary) increase budget is set by country, based on salary market developments and affordability. In accordance with our remuneration policy, male and female employees are equally compensated regarding salary, bonuses and share of dividends. Every year, each employee is assessed within ASML on performance (accomplishments versus targets) and competency (demonstrated behavior against a pre-defined set of competencies). The merit increase for the employee is based on these assessment results; there is no relation to gender, nationality, religion, social position, age or any other such consideration in determining this merit increase. To build a more diverse workforce, an analysis will be initiated in 2010 to determine the opportunities for further strengthen ASML diversity efforts.

In the USA, ASML’s Equal Employment Opportunity (EEO) Policy is applied in proceedings related to recruitment, promotions and employee relations; this EEO Policy is published on company bulletin boards and ASML’s intranet and a copy is sent to all USA employees annually.

ASML has a complaints and whistleblower’s procedure to facilitate the reporting of (suspected) breaches of the ASML Code of Conduct, including but not limited to reporting of acts or behavior concerning discrimination or violation of human rights. In 2010, ASML will imple-

	Dutch	Non-Dutch	Total
Employees	2,945	2,925	5,870
Management	270	270	540
Senior management	75	58	133
Board of Managers	3	2	5
<b>Total</b>	<b>3,293</b>	<b>3,255</b>	<b>6,548</b>

ment new measures and one new procedure (replacing and combining the current complaints and whistleblower's procedure) to increase the visibility of and facilitate access to the complaints and whistleblower's procedures.

### Talent attraction

In 2009, we registered 3,353 people as new entries in our external talent pool. This qualitative talent pool is essential to develop and sustain long-term relationships with our target audiences in order to create significant value for both parties. FutureScan, a periodical style career newsletter, is aimed at informing the talent pool about technical developments and challenges within ASML in order to make us the employer of choice for our target group. The focus will be on developing means for attracting the best, followed by messaging and communication with the talent pool.

ASML's referral program is part of our recruitment campaign. Current ASML employees often have access to a wide network of potential candidates, and ASML offers a monetary reward to employees who refer a candidate who is hired. In 2009, almost eight percent of all new employees in the Netherlands were hired via the referral program.

Another element involves informing our future employees who are now university students about ASML. We ask them to participate in guest lectures, open days and meet & greet events. We give insights into our technological roadmap to show them the intellectual and organizational challenges we will face in the coming years. Cleanroom tours, business cases, lectures at universities and online videos are very much appreciated and have helped to explain technical challenges for engineers who think ahead.

Table 13 Years of employment	Asia	Europe	USA	Total
< 2	229	497	96	822
2 – 4	554	1,063	309	1,926
5 – 9	349	815	293	1,457
10 – 14	155	1,099	451	1,705
15 >	4	326	308	638
<b>Total</b>	<b>1,291</b>	<b>3,800</b>	<b>1,457</b>	<b>6,548</b>

### Rehires

Since August 2009, ASML has been in a position whereby we must extend our flex group of employees to respond to the technology-driven recovery. We are focusing on trying to rehire former ASML flex employees for more reasons. These employees have helped ASML get to where it is today and have demonstrated commitment and flexibility. During the downturn we stayed in touch with the suppliers of our contractors and kept them informed of our business developments. In 2009, 48 percent of the total flex hires were rehires.

In addition to recruiting new employees, it is critically important to retain people who already work for ASML. Table 13 breaks down the ASML workforce by years of employment. As is clear, the ASML workforce is evenly spread in this regard.

### Employee retention and talent development

Although ASML was forced to lay off 12 percent of its workforce in early 2009 (fix and flex combined), ASML focused on measures to reduce the number of staff departures due to the crisis as much as possible.

ASML also participated in Dutch government programs to encourage the retention of employees in the high tech sector. In the period from January until June 2009, 1,100 employees participated in the Labor Time Reduction Program. Since August 1, 2009 a program has been deployed within the Knowledge Workers Arrangement. The universities of Delft and Eindhoven as well as the TNO, ASML and flex labor partners are participating in a joint development program to execute R&D activities. This program – which includes approximately 250 employees – offers all parties additional possibilities for retaining knowledge workers and is similar to an open innovation program.

ASML strives to offer employees competitive rewards for their performance and provide motivating working conditions, including coaching, training and personal career development opportunities. The responsibility for development and learning is shared by employees, managers and HR staff. ASML employees are encouraged to take the initiative for their own career development and learning. Managers and HR staff are responsible for supporting initiatives towards development and learning within ASML. These include:

- Performance management
- Compensations and Benefits
- Stimulating Leadership and Career Development
- Job-oriented training

ASML retains favorite employer status in the Netherlands

ASML retained its status as the Netherlands' favorite employer when Dutch business magazine *Incompany* published its annual independent "Best Employer Survey" on December 9, 2009. ASML's steadfast handling of the crisis and its immediate, direct and open communication with employees was held as exemplary by the independent surveyors.

### Performance management

ASML employees in job grades below Director level receive regular (annual) performance reviews. This performance management process is supported by a web-based application for objective setting, career and personal development, mid-year reviews and performance appraisals. This approach also includes the ASML Competency Model that seeks to develop the ability to perform effectively in certain situations or to perform tasks against set targets. This competency set is based on input from 250 managers and employees worldwide and comprises 34 competencies. The two generic ASML competencies ("Commitment" and "Flexibility"), together with a limited set of job family specific competencies are used for objective setting, performance review and development.

In 2009, personal Development Action Plans were developed for most employees below Director level. The plans included such topics as targets and opportunities for development, career direction and job improvement initiatives. Nearly 100 percent of employees received performance appraisals during 2009 (formal appraisals are not mandatory for employees who join ASML after September 1).

### Compensations and Benefits

ASML's worldwide compensation and benefits framework and benchmarking methods help us to respond effectively to local market trends. These ensure that our employees have competitive and transparent compensation and benefits packages in each country in which we operate. ASML motivates its employees by recognizing and rewarding their performance at a competitive level.

ASML benchmarks compensation packages annually in order to monitor competitiveness on a country-by-country basis. The benchmark focuses on base salary including guaranteed payments, variable payments and long-term incentives. Based on survey findings, ASML has been able to define adjustments to benefits packages if required, as well as the costs of such adjustments and whether a local or international pooling approach would best serve ASML's needs. As a result, ASML can confirm that it offered competitive benefits packages at all locations in 2009.

As regards retirement benefits, ASML follows market practice and provides the mandatory level of benefits as required by local law, while in many countries ASML provides supplemental retirement benefits. For instance, in the USA, ASML offers a 401K plan to all employees. This pre-tax vehicle helps employees save for retirement, with a competitive company match of 50 percent. For highly compensated employees in the USA, ASML also offers a Deferred Compensation Plan, which is an opportunity to save additional pre-tax dollars.

In almost all countries, ASML provides supplemental Health benefits on top of the country's national insurance plan (if any) as per the local market practice. Key components of the healthcare plans include outpatient treatment, hospitalization and dental care. Employees may choose to cover their family under ASML's plan.

In the USA, a new comprehensive and competitive Health benefits plan will be offered effective January 2010 that is focused on wellness, service and choice. This program provides a large national network of medical and dental providers with access to care without referrals.

In all countries, ASML has "Leave of absence" policies. Although in most countries such matters as sick leave and maternity/paternity leave are highly regulated by local law, ASML also grants leave under the company's policy and good Human Resources practice.

The share-based payment plans are applicable to two categories: Senior and Executive management – excluding the Board of Management - and Employees. Each year, the Board of Management determines the total number of awards that can be granted in that year. The overall number of shares that are available is subject to approval by the Supervisory Board of ASML. These plans were continued in 2009.

### Stimulating Leadership and Career Development

ASML believes it is beneficial to the organization and its employees if staff are offered sufficient opportunities to grow their competencies, skills and experiences and advance their career within the organization. A renewed ASML Leadership Review Process was defined, piloted and implemented in 2008. In 2008 and 2009 this process was expanded to more than 600 employees globally, with the addition that in 2009 an Employee Self-Assessment phase was introduced as a first step in the Leadership Review Process. This process leads to individualized development plans for the employees that participate in it.

As part of career development and to spread knowledge and experience throughout the organization, ASML employees are regularly sent abroad to work temporarily at another facility. An overview of these cross-border assignments is shown at table 14. Despite the economic downturn, ASML maintained a significant number of cross-border assignment (128 in 2009 vs. 181 in 2008) to secure transfer of knowledge and to provide learning and training opportunities.

Table 14 Cross-border assignments ASML

Home Region	Host Region				Total
	Asia	The Netherlands	Rest of Europe	USA	
Asia	19	36		1	56
The Netherlands	32		8	9	49
Rest of Europe	1	1			2
USA	12	8	1		21
<b>Total</b>	<b>64</b>	<b>45</b>	<b>9</b>	<b>10</b>	<b>128</b>

Another knowledge transfer program is the international training of ASML employees. In 2009, 214 colleagues from Asia and the US visited our headquarters in Veldhoven for training. These trainings last an average of 10 weeks per person. Knowledge transfer is executed in different areas.

#### Job-oriented training

ASML's philosophy on training is that 70 percent takes place "on the job" and 30 percent is achieved through specific training and coaching. ASML encourages employees to enhance their job-oriented skills by attending training workshops or programs at accredited educational institutions. These range from personal effectiveness workshops and personal computer training to technical, non-product-related education. During the first half of 2009, when business was slow, our employees in manufacturing spent significant time in internal trainings for ASML's newly developed products NXT and NXE. This training time was facilitated by the Labor Time Reduction support program.

Since 2007, ASML has been using a worldwide Learning Management System (LMS) to manage functional skills development for large groups of people in Customer Support and Manufacturing sectors.

Non-product-related training programs were attended over 4,200 times during 2009. This is a lower number

than the 7,000 attended training programs in 2008 and is the result of a stricter training policy during 2009 to anticipate the economic downturn and the need to reduce non-business-critical costs. This number excludes several broadly implemented Computer Based Training (CBT) offerings, i.e. on Intellectual Property Awareness and on Anti-Trust. During 2009, we developed a CBT on Knowledge Protection that will be broadly implemented in 2010.

In 2009, ASML spent approximately € 1.8 million on non-product-related training, amounting to almost € 275 per payroll employee. On average, each employee received 16 hours of training. Due to the economic downturn in 2009, training was reduced to what was business critical, which explains the reduction in training spending and training hours from 2008 to 2009.

#### Employee involvement

ASML is committed to keeping its workforce involved in its business decisions. In the Netherlands, consultation and negotiation with employee representatives is organized through the works council, as required by law. There is a roster of meetings throughout the year with works council representatives to discuss operations, finance, governance and social issues with a variety of corporate departments. Our employees are represented in Korea by the Labor Management Council and in France by the Comitée d'Entreprise.

me@ASML: first worldwide employee survey is a finger on the pulse

In a year that put the company to the test on flexibility, robustness and efficiency, ASML launched a survey to chart the company's strengths and weaknesses in the eyes of its employees. Branded me@ASML, the survey covered employee perception of a wide range of subjects, such as corporate culture, efficiency, management styles, interaction, work environment, and career development. This 'finger on the pulse' will enable the company to very specifically define action plans for short, medium and long-term improvement in 2010.

With a worldwide response rate of 57 percent, or 4,343 participants, employees signaled ASML's major strengths as being the high level of creative freedom and flexibility, the exciting challenges of working with world-class technology, and the great collegiality and culture. But they also indicated significant areas for improvement.

These included more efficient work organization, better access to relevant job-related information, and enhanced career planning, which will be addressed by Human Resources representatives and senior management worldwide with action plans to be implemented starting in 2010.

# Health and Safety

ASML policy is to provide employees safe and healthy working conditions and we have multiple initiatives to ensure and increase the well-being of our employees and a proper work-life balance. To the extent of our abilities, ASML pursues similar objectives for our customers (through the safe design of our products) and for our suppliers (through our supply chain policy).

ASML tracks the results of our safety and health initiatives by monitoring three categories:

1. Incidents and near misses on ASML sites and their impact
2. Incidents on customer sites related to ASML product safety
3. Absenteeism of ASML employees

These will be discussed in more detail below:

## 1. Incident and near misses on ASML sites and their impact

Near misses, accidents and other incidents are reported by means of an incident report, which is investigated by the EHS department (see table 15).

There were 51 injuries and a total of 22 recordable incidents at ASML sites in 2009. These were incidents within the company involving payroll and temporary employees during working hours. An OSHA (Occupational Safety and Health Administration) recordable incident is an event whereby the employee:

- Requires medical treatment beyond first aid, or
- Has a recordable injury or illness as defined by a physician or other healthcare provider, or
- Misses work (lost work days), or
- Loses consciousness, or
- Is fatally injured.

Table 15 Health and Safety Data

	2007	2008	2009
Number of injuries	69	60	51
Number of OSHA recordable incidents	28	27	22
Number of days away from work	208	33	60
<b>OSHA incident rate</b>	<b>0.49</b>	<b>0.46</b>	<b>0.37</b>

There were no fatalities and a total of 60 days away from work resulted from these 22 recordable incidents.

In 2009, ASML reported an incident rate of 0.37 (OSHA recordable incidents per 100 FTE) compared to 0.46 in 2008 and 0.49 in 2007.

ASML remains an industrial site, with some risks that need to be identified and tackled. Identification of such risks are done through (i) a systematic analysis of every incident and near misses on site (ii) regular audit (iii) a preventive and systematic review of risks associated with our products and production which include high-intensity laser systems, high-voltage apparatus, packing and transportation of machines and modules (large machines used for lifting heavy equipment), and use of hazardous substances (flammable/explosive, toxic and chemically aggressive gases and liquids).

Further reduction of the incident rate, with the ultimate goal of zero recordable incidents, is pursued through a number of initiatives that will be strengthened further in 2010:

- Technical surveillance and improvement of our production premises

In 2008, a Safety Review Board was installed to manage new risks caused by the introduction of hydrogen for the new NXE machine generation. The members of the Safety Review Board are from different groups including development, source, scanner, Facility Management,

EHS and Customer Support. Hydrogen can only be introduced after the board has reviewed all design specifications and procedures of hydrogen installations, including the NXE machines.

In 2009, this Safety Review Board analyzed and reviewed all known potential safety risks in the NXE machines and their facilities that involve the handling and use of hydrogen, resulting in an ultimate approval of all processes.

- Training of people

Through EHS training, ASML ensures that employees know how to respond in the event of an emergency, such as a fire or earthquake. Designated Emergency Response Teams (ERTs) have been appointed worldwide and are trained to assist and lead other employees during dangerous situations. These teams are trained in first aid (including Automatic External Defibrillator (AED) training), building evacuations and firefighting.

In Veldhoven, the emergency response team has 158 participants. Members are trained and certified annually to act in the event of incidents, fire and evacuations; they can provide first aid, use an automatic external defibrillator and perform reanimation procedures. The emergency response plan for ASML Netherlands B.V., which was developed and successfully implemented in 2008, was updated in 2009 with more detailed information about ASML's structures due to the expansion of buildings and the use of hydrogen.

ASML offers two online Computer-Based Training (CBT) courses on EHS subjects that are available for employees via ASML's Online Academy: General EHS training

and Specific EHS Training. These courses have been developed to execute basic EHS training efficiently, consistently and globally. The CBT General EHS training is intended for all ASML employees and covers EHS topics for employee awareness. In 2009, 1,048 ASML employees worldwide were given this first training, down from 1,471 in 2008. The second training covers EHS aspects for employees with technical jobs, including those in cleanrooms. In 2009, 906 ASML employees worldwide completed the second EHS training, down from 1,028 in 2008. This decrease can be explained by the lower number of new employees. Since the introduction of the CBTs, 7,164 employees have successfully completed the first training and 6,431 employees the second training. At the main sites, formal health and safety committees supervise health and safety programs. Both management and employees are represented.

- Involvement of the line management

New ambitions will be introduced in 2010 with targets for line management. Incidents need to be reported within 24 hours by the site manager and a root cause analysis must be completed within two weeks. A safety review is required twice a year. Employees are encouraged to report near misses.

## 2. Incidents on customer sites related to ASML product safety

Product safety throughout its lifecycle is a priority for ASML and product safety precautions are part of product development. ASML is compliant with the law and ensures that safety measures are incorporated into equipment from the earliest design stage. Where equipment hazards cannot be designed out, steps are taken to integrate safeguards into the system. This is done to ensure that no single failure or operator error can lead to hazardous exposure of the operator, facility personnel or the environment.

Table 16 Incidents by customer location

	2007	2008	2009
Clients Europe	0	1	1
Clients USA	0	1	0
Clients Asia	2	1	2
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>

Table 17 Absenteeism ASML employees per region

	2007	2008	2009
Asia	0.3%	0.7%	0.5%
Europe <sup>1</sup>	2.9%	3.0%	2.9%
USA	2.7%	2.7%	2.7%

<sup>1</sup> This number represents 94 percent of the total employees working in Europe

ASML's product safety standards include applicable regional regulations and the SEMI S2 Safety Guidelines for semiconductor manufacturing equipment. These standards address chemical, radiation, electrical, physical, mechanical and environmental hazards, as well as fires and explosions, earthquake protection, ventilation, exhaust and ergonomics.

A limited number of product-related incidents occur every year at our client's sites (see table 16). Of the three incidents at our client's sites in 2009, one resulted in a head injury and two in a broken finger. In two incidents, the root cause was the way of working, and in one it was the design.

Every incident and reported near misses are analyzed, and feedback is provided to prevent the root cause of the incident or near miss from happening again. The aim of ASML is to decrease the number of product-related incidents at client sites towards zero.

## 3. Absenteeism of ASML employees

Due to different treatments of absenteeism among the countries in which ASML operates, no comparable company-wide figure is available. An overview of

absenteeism per region can be seen in table 17.

Employees reporting ill in the Netherlands are contacted by phone by a medically qualified absence coordinator from the Dutch Occupational Health and Safety Service, who evaluates the employee's symptoms and estimates his or her recovery time. The coordinator keeps the employee's direct supervisor informed about the status of the absent employee. Coordinators are able to determine whether an employee should be referred to the company doctor. This process helps assess illness-related absences and provides insight into employees' symptoms and complaints. In the USA and Asia, a sick pay benefits policy is in place and benefits are contingent upon the employee maintaining regular contact with his or her supervisor.

In order to improve these results further, ASML has developed a number of actions to prevent illness:

1. Primary prevention: prevent people from falling sick
2. Secondary prevention: when an employee becomes sick, act swiftly to ensure a fast recovery and help protect colleagues
3. Tertiary prevention: analyze incidents and implement measures to prevent repeat or proliferation

### **Health and Safety Management System**

Accountability and transparency can only be guaranteed by a well-designed audit process. ASML conducts annual routine assessments, followed by corrective actions and periodic management reviews, to monitor and ensure that our health and safety procedures are operating effectively and efficiently. These are included in the compiled EHS audits. More information on these audits is presented in the environmental chapter.

ASML monitors international developments in occupational health and safety management systems and integrates common elements of these systems into its worldwide ISO 14001 certified environmental management systems and its OHSAS 18001 certified Occupational Health and Safety Management System. These elements include the environmental portion of the Sustainability policy and corresponding policy manual, audits, training, standard procedures and reporting systems. Every ASML site shares its experiences. Based on these insights, best practices and procedures are adopted worldwide.

# Our Communities

ASML is committed to being a trusted member of the communities in which we operate. A newly appointed dedicated community relationships manager based at headquarters in Veldhoven is responsible for a program which invites members of local communities to ASML in order to explain the semiconductor business and ASML's role in technology and ways of working. This program has been started in the Netherlands and initiatives have been taken to expand this activity to other countries where ASML is active. In 2009, ASML hosted 389 individuals, including representatives from the general public, government officials and other public officers, local entrepreneurs and industry professionals. On several occasions ASML was invited by local organizations and individual groups to present our business and technology. In 2010, we plan to expand this program in the Netherlands as well as in Asia and the USA.

One special part of our responsibility to our local communities is to inform and educate young people. Special attention is given to technical topics to fuel their interest in technical studies. We focus their attention on the pivotal role of technology in our society to spark their interest or unveil their talents in these fields. Exposing them to technology enables them to make better, more informed choices about their future. The education programs are aimed at grade schools, high schools and universities and support students as well as teachers. They are aimed at narrowing the gap between businesses, schools and educators. These programs are run both in the Netherlands and in the USA.

We believe that investing in the knowledge economy is beneficial for students, universities and ASML in order to nurture young technological talent. Every year, ASML

awards 40 full scholarships for Master's degree students at Eindhoven Technical University, covering tuition fees, living expenses and other costs. Throughout the two-year Master's program, ASML cooperates in student projects and joint research. In 2009, ASML also had scholarship programs in other countries, including Japan, Taiwan, South Korea and China. The company has scholarship programs with Shanghai Jiao Tong University, Zhe Jiang University, Harbin Institute of Technology, Dalian University of Technology, Northwest Polytechnical University and Wuhan University (all in China), Kyungpook University, Hanyang University and POSTECH University (all in Korea). In Japan, ASML is working with the renowned Waseda and Keio Universities and offers students the opportunity of a brief internship at ASML during their studies.

## Volunteering

In 2009 we set up an internal organization with one full-time coordinator and more than 50 volunteers from all departments within ASML, who donate time, effort and skills to the program. We have joined a national Dutch network organization called JetNet (Youth and Technology Network), dedicated to the promotion of technology to young people, and established contacts with local companies to work together to achieve our common goals. As part of the program we support two high schools in the Netherlands, close to our headquarters in Veldhoven, with whom we develop education programs for all pupils. As part of this dedicated support program, ASML participates in guest lessons and students visit our company. The lessons and experiments that we currently offer are developed by our engineers in cooperation with qualified teachers from the schools and with professionals from specific technical education institutes who also train our employees in teaching skills. In the USA, ASML Optics Wilton CT sponsored two project teams of students from the University of Connecticut to give them more insight in the sub-micron

accuracy required for state-of-the-art specialized optics. While we have established a baseline with several schools, teaching packages and experiments, we are determined to expand the program in all these fields in 2010. One basic requirement is that the teaching packages all relate to ASML technology. We will give special care to further develop programs for older children in high schools.

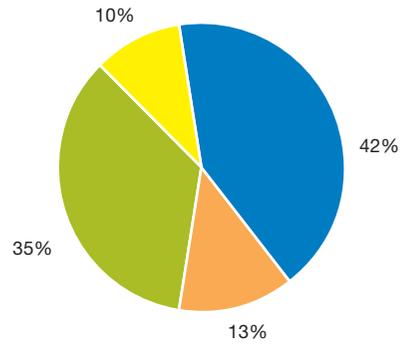
We will encourage more employees to participate in their communities, as of 2010 ASML will develop new initiatives for employees performing community services. We will report on these initiatives in next year's Sustainability Report.

## Combining technology and fun

As part of our community relationship program to connect technology with fun, ASML supports weekly quizzes in two local pubs in Eindhoven, near our headquarters. This activity is particularly popular among students from the Eindhoven Technical University and quiz nights usually draw more than 150 participants. ASML supplies the science and technology questions for these quizzes.

## Corporate citizenship

ASML Foundation, which was established in December 2001, is an independent foundation that is registered in the Netherlands. The aim of ASML Foundation is to support efforts worldwide in the area of education and related activities in order to improve the quality of life of children and the underprivileged. In 2009, ASML Foundation donated close to € 600,000 to more than 25 non-profit organizations in America, Asia, Africa and Europe, while ASML added additional sponsoring to community and charity work to further add to the donated amount (see also graph 23). ASML Foundation's total assets



Graph 23 ASML Foundation support realized per region in 2009

- Europe
- Africa
- America
- Asia

amount to approximately € 8 million. The target for 2010 is to invest € 700,000.

The creation of this internationally-oriented foundation supports ASML's long-term commitment to the community by sponsoring initiatives that strengthen the ability of those groups that need support to improve their social and economic opportunities. ASML Foundation therefore funds defined education-related projects in line with its mission. Donations granted by ASML Foundation enable underprivileged groups to broaden their horizons, build better lives and become more self-reliant.

### ASML Foundation supports "One Laptop per Child"

During 2009, ASML Foundation supported the international Massachusetts Institute of Technology, Boston-initiated One Laptop Per Child (OLPC) organization with a project in Swaziland. The OLPC project is part of the "Schools as Centers of Care and Support" (SCCS), a five-nation project led by UNICEF and initiated in 2007. In 2009, already 350 schools (200 of which were primary schools) participated in Swaziland. Sharing the vision, mission and target of SCCS in order to ensure a better future for thousands of children, the OLPC organization serves as a platform for developing educational programs, through their XO Laptop program. In this Swaziland project the ASML Foundation's support has an impact on 500 children, all of whom have received a donated OLPC XO laptop. The XO laptops provide children with a highly flexible platform for learning through creating and sharing ideas and through self-expression. By facilitating learning, these XO laptops also empower children's cognitive development skills.

# Reporting Principles

In this Sustainability Report, ASML provides an overview of its policies and programs in 2009. The report covers the ASML activities from January 1<sup>st</sup> 2009 to December 31<sup>st</sup> 2009. This report as a whole is available in digital format on [www.asml.com](http://www.asml.com).

This report is ASML's fifth annual Sustainability Report. The report covers the most material parts of the organization. The report is based on the GRI G3 Guidelines. The following changes have been made to the reporting process relative to the previous report in 2008:

1. The introduction of Sustainability targets
2. Stronger internal audits and external assurance to improve transparency and quality
3. Environmental data is reported in absolute figures, no longer relative to sales
4. The report has a new structure with more emphasis on relevant business activities

In addition, in 2009 a new production facility in Veldhoven was opened, a building was closed in the Tempe location, and a new facility in Taiwan (ACE) started reporting in 2009.

The data disclosed in this report is derived from different sources. The financial figures have been adopted from the Form 20-F filing and have been audited in a separate process for financial results. ASML's environmental data is measured by external experts. This information is reported to ASML and then consolidated by an internal management system. Our HR department uses SAP for the measurement for its data collection. Finally, safety issues have to be reported within 24 hours and is also consolidated within ASML. In preparing the data, Sustainability staff makes estimates and assumptions.

This year we improved data where appropriate, which therefore give a more accurate reflection. To be able to compare with previous years, we also adjusted these data for 2007 and 2008.

The most material parts of the ASML organization are covered by an ISO 14001 environmental management system. Furthermore, the entire organization is ISO 9001 certified, which assures that ASML's primary and support processes meet strict quality standards.

In the interest of conciseness, selected disclosures appear in the GRI table included in this report. Based on the Application Level system of GRI G3 and the reported content, ASML's self-assessment of the application level of the G3 guidelines for this Sustainability Report is A (2008: A). Nevertheless, ASML understands that there is still room for improvement in relation to disclosure on management approach and further securing data management systems. Therefore, ASML endeavors to improve its data reporting year by year.

In order to provide added confidence in the quality of the information in this report, ASML has requested BECO Group for an external opinion to determine if ASML's performance and progress during the year have been accurately portrayed. Also the strengths and weaknesses of the report and its underlying processes have been identified. These will help us to improve our reports in the future. This assessment is given in on page 46 of this report.

# Assurance Statement

ASML has commissioned BECO Group to provide external assurance on its 2009 Sustainability Report (further referred to as 'the ASML Report'). The content of the ASML Report and the identification of material issues are the responsibility of ASML management. Our assurance statement provides readers of the ASML Report with an independent opinion on the reliability of information, based on our assessment of the ASML Report and underlying systems and evidence. This Statement is intended both for the general readers and for stakeholders who have a professional interest in ASML's sustainability performance and challenges.

## Scope and Objectives

Our engagement was designed to provide moderate assurance on whether the information in the ASML Report provides a reliable representation of ASML's efforts and performance in the reporting year 2009. Therefore, the assurance activities performed by BECO are aimed at determining the plausibility of information, and evidence gathering is focused at corporate level and limited sampling at lower levels of the organization.

## Assurance methodology and principles of auditing

BECO conducted the verification process in accordance with international assurance standards like AA1000AS (2008 version), Standard 3410N of the Royal NIVRA and reporting guideline GRI-G3 of the Global Reporting Initiative.

ASML applies its own sustainability performance reporting criteria and the report is based on the GRI-G3 Guidelines. We reviewed the ASML Report against these criteria and the reporting principles presented on page 45.

The BECO audit team members have not been involved in the development of the ASML Report nor have they been associated with ASML's sustainability programs, data collection, and information systems. BECO ensured that our assurance team possesses the required competences and adhered to the principles of auditing regarding ethical conduct, professional integrity, and independence.

## Work undertaken

The basis of our work are the claims and associated information in the ASML Report. In reaching our conclusions we investigated the integrity of the internal processes and controls and underlying evidence made available to BECO by ASML. We performed the following activities:

1. Media analysis of sustainability issues related to ASML and the lithography equipment and semi-conductor sectors to obtain information on relevant issues related to manufacturing and product requirements in the reporting period.
2. Corporate review. Reviewed systems, processes and internal controls for collection and aggregation of quantitative and qualitative information in the ASML Report at corporate level. We performed an analytical review of aggregated data and a risk-based analysis of the data collected from individual locations.
3. Local visit to the Veldhoven site to assess local systems and controls, and reliability of reported data.
4. Reviewed several drafts of the ASML Report and selected material text claims for further assessment. We collected and reviewed documentation, and interviewed key staff to determine whether relevant claims in the ASML Report are supported by underlying evidence.

## Conclusions

ASML reports on initiatives and performance related to sustainability. This year the ASML Report has a strong focus on explaining the challenges in the sector, ASML's strategy for 2010-2015 and the organizational structure to drive sustainability.

Based on our work undertaken we conclude that the claims and information in the ASML Report provides reliable representation of ASML's sustainability efforts and performance in the reporting year 2009.

## Observations and recommendations

### Materiality and stakeholder involvement:

Based on our media analysis we conclude that the most material issues are covered by ASML. We recommended ASML to develop a structured issue selection process involving relevant stakeholders to ensure coverage of relevant subjects and to prioritize and develop programs to address the key challenges and opportunities.

### Completeness and scope:

The report boundaries have been defined to include global operations. There is a strong focus on Veldhoven operations, which determine over 70% of the global impact for most sustainability performance indicators. With 85% of the product value sourced through suppliers, sustainability in the supply chain has become a critical part of ASML's success. We recommended management to formalize and secure sustainability performance in the supply chain and, more explicitly, integrate sustainability in the product design process.

### Data reliability and sustainability management:

We concluded that claims and assertions presented in the ASML Report are sufficiently reliable and we recognize that ASML started to structure corporate control procedures related to the sustainability report through Internal Audit Services. To facilitate monitoring and managing progress in addressing the key challenges

and related targets by individual disciplines in ASML, we identified the need to secure the quality and consistency of data for management and reporting throughout the year, by ensuring accountability and resources at all relevant levels of the organization.

For BECO Group,



A.C. de Bruijn  
BECO management



G. Appels  
Lead verifier

BECO Group  
The Netherlands  
March 19, 2010

# Disclosure on Management Approach

	<b>Materiality</b>	<b>Responsibility</b>	<b>Objectives and performance</b>	<b>Policy</b>	<b>Training</b>	<b>Monitoring</b>
<b>Economic</b>	<ul style="list-style-type: none"> <li>- Economic performance</li> <li>- Market presence</li> <li>- Indirect economic impacts</li> </ul>	<ul style="list-style-type: none"> <li>- Board of Management</li> <li>- Supervisory Board</li> </ul>	<ul style="list-style-type: none"> <li>- AR</li> </ul>	<ul style="list-style-type: none"> <li>- AR</li> </ul>	<ul style="list-style-type: none"> <li>Not required by G3</li> </ul>	<ul style="list-style-type: none"> <li>Not required by G3</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>- Energy use</li> <li>- Water use</li> <li>- Emissions</li> <li>- Effluents</li> <li>- Waste</li> </ul>	<ul style="list-style-type: none"> <li>- EVP Operations</li> <li>- Sustainability Board</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Environment</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Environment</li> <li>- Sustainability charter</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>-Section: Governance and Management; Environment → Audit</li> </ul>
<b>Labor</b>	<ul style="list-style-type: none"> <li>- Employment</li> <li>- Labor relations</li> <li>- Occupational Health &amp; Safety</li> <li>- Training &amp; Education</li> <li>- Diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Board of Management</li> <li>- HRM Officer</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Workplace &amp; Careers; Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>- Complaints Procedure</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Health and Safety →</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Governance and Management; Health and Safety → Management system</li> <li>- Whistleblower's Procedure</li> </ul>
<b>Human Rights</b>	<ul style="list-style-type: none"> <li>- Non-discrimination</li> <li>- Freedom of Association</li> <li>- Complaints</li> </ul>	<ul style="list-style-type: none"> <li>- Legal Officer</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Governance and Management → ASML Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- Principles of Ethical Business Conduct and Internal Guidelines</li> <li>- Complaints Procedure</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Governance and Management → ASML Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>-Three Complaint Committees</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>- Community</li> <li>- Corruption</li> <li>- Public policy</li> <li>- Anti-Competitive behavior</li> <li>- Compliance</li> </ul>	<ul style="list-style-type: none"> <li>-Board of Management</li> <li>-Legal Officer</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Governance and Management → ASML Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- Anti Fraud Policy</li> <li>- Principles of Ethical Business Conduct and Internal Guidelines</li> <li>- Whistleblower's procedure</li> </ul>	<ul style="list-style-type: none"> <li>-Section: Corporate Profile → Governance and Management → Governance</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Governance and Management → ASML Code of Conduct</li> </ul>
<b>Product Responsibility</b>	<ul style="list-style-type: none"> <li>- Customer Health &amp; Safety</li> <li>- Labeling</li> <li>- Communications</li> <li>- Compliance</li> </ul>	<ul style="list-style-type: none"> <li>-EVP Operations</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Customers → Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Customers → Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Health and Safety →</li> </ul>	<ul style="list-style-type: none"> <li>- Section: Health and Safety → Management system</li> </ul>

# GRI Table

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## Strategy and analyses

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1.1	CEO statement	To our stakeholders
1.2	Key impacts, risks and opportunities	To our stakeholders; About ASML; Corporate strategy and Responsibility; Environment – Environmental impact; Annual Report

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## Organizational profile

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2.1	Name of organization	Contents
2.2	Products and services	About ASML; Economic – Overview of products
2.3	Operational structure	About ASML; Governance and Management – Organization
2.4	Location headquarters	About ASML
2.5	Countries where located	About ASML
2.6	Nature of ownership and legal form	Governance and Management – Organization; Annual Report
2.7	Markets	About ASML; Customers – Geographic breakdown of revenues
2.8	Size of operations	About ASML; Economic – Financial flows; Workplace and Careers – Employment overview – Headcount
2.9	Organizational changes	Workplace and Careers – Employment overview – Headcount – Employee turnover; Reporting Principles;
2.10	Awards	Customers – Customer relationship management – Customer events; Workplace and Careers – Employee retention and talent development

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## Reporting parameters

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3.1	Reporting period	Reporting Principles
3.2	Previous report	Reporting Principles
3.3	Reporting cycle	Reporting Principles
3.4	Contact person(s)	ASML Contact Information
3.5	Process report content	Sustainability Charter ASML; Performance and Targets; Corporate strategy and Responsibility – Responsibility to execute ASML's strategy in a Sustainable way;
3.6	Scope	Reporting Principles Reporting Principles

3.7	Scope limitations	Reporting Principles
3.8	Basis for reporting on joint ventures	ASML does not participate in any joint ventures
3.9	Data measurement techniques	Governance and Management – Roles and responsibilities regarding sustainability
3.10	Re-statements	Reporting Principles
3.11	Reporting changes	Reporting Principles
3.12	Standard Disclosures	Disclosure on Management Approach; GRI Table
3.13	Policy external assurance	Assurance Statement

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## Governance, Commitments and Engagement

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4.1	Governance structure	Governance and Management – Organization; www.asml.com → Corporate Governance
4.2	Chair of the highest governance body	Governance and Management – Organization; www.asml.com → Corporate Governance
4.3	Independent members	www.asml.com → Corporate Governance → Supervisory Board
4.4	Mechanisms for shareholders and employees	Workplace and Careers – Employee involvement; www.asml.com → Corporate Governance → Shareholders
4.5	Remuneration highest governance body	www.asml.com → Corporate Governance → Board of Management
4.6	Processes to ensure conflicts of interest are avoided	Governance and Management – ASML Code of Conduct; www.asml.com → Corporate Governance → Code of Conduct
4.7	Expertise highest governance body	www.asml.com → Corporate Governance → Board of Management
4.8	Internally developed statements	Governance and Management – ASML Code of Conduct; www.asml.com → Corporate Governance → Code of Conduct
4.9	Procedures of the highest governance body	www.asml.com → Corporate Governance → Board of Management
4.10	Performance highest governance body	www.asml.com → Corporate Governance → Board of Management
4.11	Precautionary approach	Health and Safety
4.12	Externally developed principles	Governance and Management – Roles and responsibilities regarding sustainability
4.13	Memberships in associations	Governance and Management – Roles and responsibilities regarding sustainability; Governance and Management – Stakeholder relations
4.14	List of stakeholder groups	Governance and Management – Stakeholder relations
4.15	Identification and selection of stakeholders	Governance and Management – Stakeholder relations
4.16	Approaches to stakeholder engagement	Governance and Management – Stakeholder relations
4.17	Key topics through stakeholder engagement	Governance and Management – Stakeholder relations

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## Economic Performance Indicators

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EC 1	Direct economic value	Economic – Financial flows
EC 2	Financial implications due to climate change	Environment – Environmental impact
EC 3	Coverage benefit plan obligations	Annual Report
EC 4	Financial assistance received from government	Corporate Strategy and Responsibility – Responsibility to execute ASML's strategy in a Sustainable way – Investing in innovation; Workplace and Careers – Employee retention and talent development
EC 6	Locally-based suppliers	Suppliers – Supplier-related payments
EC 7	Local hiring	Not applicable; ASML is a technology-intensive company and sources workforce globally
EC 8	Infrastructure investments and services provided for public benefit	Our Communities

## Environmental Performance Indicators

EN 1	Weight of materials used	Environment – Environmental impact
EN 2	Recycled input materials	Environment – Environmental footprint – Waste materials
EN 3	Direct energy consumption	Environment – Environmental footprint – Electricity and fuel consumption;
EN 4	Indirect energy consumption	Environment – Environmental footprint – Air emissions
EN 8	Total water use	Environment – Environmental footprint – Electricity and fuel consumption;
EN 11	Location land in protected areas	Environment – Environmental footprint – Air emissions
EN 12	Significant impacts on biodiversity	Environment – Environmental footprint – Water consumption
EN 16	Direct and indirect greenhouse gas emissions	Not applicable
EN 17	Other relevant indirect greenhouse gas emissions	Not applicable
EN 19	Emissions of ozone-depleting substances	Not applicable
EN 20	NO <sub>x</sub> , SO <sub>x</sub> air emissions	Environment – Environmental footprint – Air emissions
EN 21	Total water discharge	Environment – Environmental footprint – Air emissions
EN 22	Total weight of waste by type and disposal method	Environment – Environmental footprint – Water consumption
EN 23	Total spills	Environment – Environmental footprint – Waste materials
EN 26	Initiatives to mitigate environmental impacts	Environment – Environmental footprint – Environmental incidents
EN 27	Products reclaimed at end of products' useful life	Environment – Environmental impact
EN 28	Monetary value of significant fines	Customers – Customer relationship management – Managing the lifecycle of systems to serve customers
		None in 2009

## Social Performance Indicators – Labor Rights and Decent Work

LA 1	Breakdown of total workforce	Workplace and Careers – Employment overview – Headcount
LA 2	Employee turnover	Workplace and Careers – Employment overview – Headcount – Employee turnover
LA 4	Employees covered by collective bargaining agreements	Workplace and Careers – Employee involvement
LA 5	Minimum notice period(s) regarding operational changes	Compliance with local laws and regulations
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism	Health and Safety
LA 8	Risk-control programs regarding serious diseases	Health and Safety
LA 10	Training per employee category	Workplace and Careers – Employee retention and talent development – Job-oriented training
LA 13	Gender breakdown of governance bodies	Workplace and Careers – Employment overview – Workforce Diversity & Inclusion
LA 14	Ratio of basic salary of men to women	Workplace and Careers – Employment overview – Workforce Diversity & Inclusion

## Social Performance Indicators – Human Rights

HR 1	Significant investment agreements that include human rights clauses	Not applicable
HR 2	Screening of suppliers on human rights	Supply Chain – Sustainable Supply Chain
HR 4	Incidents of discrimination	None reported
HR 5	Operations identified where freedom of association and collective bargaining may be at risk	None identified
HR 6	Operations identified as carrying risk for incidents of child labor	None identified
HR 7	Operations identified as carrying risk for incidents of forced or compulsory labor	None identified

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**Social Performance Indicators – Society**

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SO 1	Impact on communities	Our Communities
SO 2	Number of business units analyzed for risks related to corruption	All business units analyzed
SO 3	Employees trained in organization's anti-corruption policies and procedure	Governance and Management – ASML Code of Conduct
SO 4	Actions taken in response to incidents of corruption	Governance and Management – ASML Code of Conduct
SO 5	Public policy positions and participation in public policy development	Dedicated senior manager performs this function
SO 8	Monetary value of significant fines	None in 2009

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**Social Performance Indicators – Product Responsibility**

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PR 1	Improving health and safety impacts across the life cycle	Supply Chain – Sustainable Supply Chain; Health and Safety
PR 3	Product information and labeling	ASML systems have extensive manuals covering all aspects of operation
PR 6	Marketing communications	Practices comply with SEMI industry organization
PR 9	Monetary value of significant fines	None in 2009

# ASML Contact Information

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