

# Materiality process

ASML aims to focus our ESG (environment, social and governance) sustainability strategy on the sustainability matters that are most important from a sustainability impact as well as a sustainability risk or opportunity perspective. These areas are identified by conducting a materiality assessment, which is conducted on an annual basis, taking into account insights from ongoing engagement with stakeholders, internal developments and the context in which we operate.

Starting in 2023, a double materiality assessment will be conducted as input for the ESG sustainability strategy. Double materiality reflects the following: (1) our most significant impacts on people and the environment, and (2) the most significant sustainability-related risks and opportunities affecting our value drivers, competitive position, and long-term shareholder value creation.

Impact materiality will be the basis for our 2023 annual report, in line with GRI (global reporting initiative) requirements. The process and results of the impact materiality assessment will be disclosed in the annual report and verified by our external assurance provider, who provides limited assurance.

As of 2025 (reporting over 2024), the double materiality assessment will be the basis for the Annual Report.

ASML's double materiality process consists of seven steps as outlined below:

## 1. *Understanding context*

Stakeholders that are or could be affected by ASML, and stakeholders that affect or could affect ASML are central to the materiality assessment process. We have the following five stakeholder groups: shareholders, customers, employees, suppliers (including contractors) and society. To understand their concerns and how their interests may be impacted, we continuously engage with these stakeholders to support identification of impacts, risks, and opportunities that should be considered in the materiality assessment, collect insights for improvement actions and receive feedback on strategy, performance and progress.

## 2. *Determining potentially relevant sustainability matters topics*

We monitor the sustainability context of our activities and business relationships by reviewing relevant sources of information about our industry and peers, international standards and (upcoming) legislation, media and ESG rating agencies. Based on these analyses, insights from stakeholder engagement and internal impact and risk assessments, an initial list of potential material sustainability matters is drafted.

## 3. *Identifying impacts, risks and opportunities*

We define impacts, risks and opportunities related to our identified sustainability matters. Impacts include positive and negative, actual and potential, and short- and long-term impacts from our operations and across our value chain. Risks and opportunities relate to our ability to continue to use or obtain the resources needed in our business processes and our ability to rely on relationships needed in business processes on acceptable terms. Risks and opportunities may pertain to financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

## 4. *Assessing the materiality of impacts*

We assess the materiality of negative impacts based on scale, scope, and irremediable character, also referred to as severity. In case of potential impacts, likelihood is considered. The materiality of positive impacts is assessed based on scale and scope, and, in case of potential impacts, likelihood. For potential negative human-rights related impacts, severity takes precedence over likelihood.

## 5. *Assessing the materiality of risks and opportunities*

We assess the anticipated financial effect of each risk and opportunity based on magnitude and likelihood. The magnitude of the financial effect considers effects on the ability to continue to use resources, including access, availability and prices. It also includes our ability to continue to rely on relationships, and taking into account reputational effects and potential actions by stakeholders in the short, medium and long term. Likelihood reflects the probability that a risk or opportunity event will occur.

6. *Deciding on thresholds for materiality*

The assessment results in a materiality score for each impact, risk and opportunity, and we use these impact scores to apply thresholds for materiality. Thresholds are determined separately for negative impacts, positive impacts, risks and opportunities. For creating an overview of material sustainability matters, impacts, risks and opportunities are clustered into material sustainability matters. Sustainability matters may be material from the impact perspective, the financial perspective or both.

7. *Strategic implications*

The outcomes of the materiality assessment serve as input for the ESG sustainability strategy. Material ESG sustainability matters are linked to themes in the ESG sustainability strategy, and the relevant value drivers for each of those strategic themes. If new material ESG sustainability matters are identified, they are added to the ESG sustainability strategy. If new ESG sustainability risks are identified, they are included in our risk inventory and managed in line with our enterprise risk management framework. We define measures to manage the related impacts, risks and opportunities for each material ESG sustainability topic, including metrics, targets, policies and action plans.

A summary of the results of the double materiality assessment is presented below:

ESG Sustainability theme	Impact (positive and/or negative)	Risk	Opportunity
Energy efficiency & climate action	X	X	X
Circular economy (incl. waste)	X	X	
Attractive workplace for all (incl. D&I and employee engagement)	X	X	
Responsible supply chain	X	X	
Innovation ecosystem	X		X
Valued partner in our communities	X	X	
Integrated governance	X	X	
Engaged stakeholders			
Transparent reporting			