

**ASML**

Sustainability  
Report 2012





ASML Holding N.V.  
Sustainability Report 2012



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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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## Message from the CEO

Dear stakeholders,

We are happy to report further progress in our sustainable creation of value.

As we have articulated in the past few years, our sustainability efforts are focused on four areas:

- (1) We aim to develop Sustainable Products. The technology transitions, which we enable year after year in the semiconductor industry, are allowing reduction of energy consumed by ASML in manufacturing, per functional unit enabled by our output. They are also allowing a continuous reduction of power by our customers in their use of the systems, per function unit produced.
- (2) We drive Sustainable Operations, by continuous improvements in our emissions, recycling and water usage.
- (3) We engage in partnerships and monitor our Major Suppliers for sustainability, by driving to EICC Code of Conduct compliance.
- (4) We nurture a Sustainable Culture as a corporate citizen, dedicated to the development of science and engineering knowledge and its impact on the economic and social environment.

In this report, we have listed the specific projects supporting our ambition in these four areas.

Of particular importance is our significant investment in a fundamental technology of the future (Extreme ultraviolet lithography). This will take the world of electronics to the next level of performance, scaling and power reduction. This technology has been recognized by three leading partner customers as important enough to justify a significant 23% investment in our equity, and a pledge of 1.4 billion euros cash for R&D funding. Such investment has in turn allowed ASML to commit up to 50% more R&D investment per year in the next five years, thus creating a huge opportunity for our employees, suppliers and community to develop an even stronger knowledge community.

Operationally, we reduced our net CO<sub>2</sub> footprint to 50 kilotons, down from 64 kilotons in 2011 and significantly better than our target of 57 kilotons. We also exceeded our targets to recycle waste in our Veldhoven plant: recycling 100% of our non-hazardous waste (target: 75%) and 92% of our hazardous waste (target: 80%). We also increased the number of suppliers we audit based on the sustainability criteria of the Electronic Industry Citizenship Coalition (EICC).

This report provides a full overview of our efforts to implement our 2010-2015 sustainability plan as introduced in 2010. We will continue, where needed, to adjust our targets along the way, and are pleased to report that we are on target to achieve our ambitious goals.

Eric Meurice

President and Chief Executive Officer  
Chairman of the Board of Management  
ASML Holding N.V.  
Veldhoven, March 2013

## Company key information

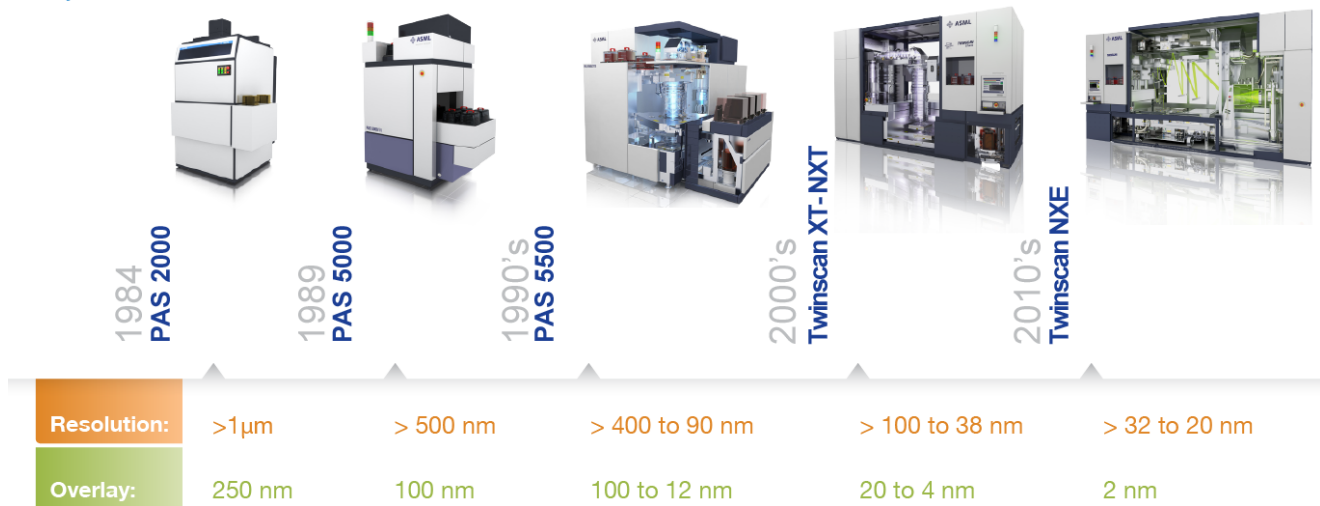
### About ASML

ASML enables the production of affordable microelectronics which improve the quality of life.

ASML invents and develops complex technology for high-tech lithography machines for the semiconductor industry. ASML's guiding principle is to assist Moore's Law towards ever-smaller, cheaper, more powerful and energy-efficient semiconductors, driving our customers' competitiveness.

ASML's technology is known as optical lithography. Our machines print tiny patterns on silicon wafers in order to make integrated circuits (also called ICs or chips). Our next-generation litho machines are equipped with an entirely new extreme ultraviolet (EUV) light-source technology and a new optical technology using reflective mirrors rather than the traditional refractive optics. The EUV platform will produce integrated circuits of 16 nanometers and beyond.

#### Systems Overview



ASML's success is based on: technological leadership combined with customer and supplier intimacy, highly efficient processes and entrepreneurial people. We operate in a safe environment, caring for people, the planet and our local communities. Our company is an inspiring place and encourages employees to work, meet, share and learn.

ASML is one of the world's leading manufacturers of chip-making equipment and a key supplier to the chip industry. We make high-level technology affordable so that innovators can use it to make our environment smart and improve our quality of life. Founded in 1984, ASML is traded on Euronext Amsterdam and NASDAQ under the symbol ASML.

ASML is an international company, active in 16 countries all over the world and headquartered in Veldhoven, the Netherlands. We have manufacturing sites and research and development (R&D) facilities in Veldhoven, Wilton (USA) and Linkou (Taiwan). We also have technology development centers and training facilities in Japan and Korea. In order to strengthen our technological capabilities, we acquired a company called Wijdeven Motion, located in Oirschot (The Netherlands) in September 2012.

We work together in a multicultural environment; ASML employs over 10,000 people, representing more than 70 nationalities. Our people are highly professional, think out of the box and are focused on meeting customer needs. By working together in close-knit teams, the whole is greater than the sum of its parts, allowing our independent and critical thinkers to take real charge and make things happen.

General indicators ASML <sup>1, 2</sup>	2009	2010	2011	2012
Net sales in million euros	1,596	4,508	5,651	4,732
R&D investments in million euros	467	523	590	589
Number of payroll employees in FTEs	6,548	7,184	7,955	8,424
Number of temporary employees in FTEs	1,137	2,061	1,935	2,137

1 Numbers are derived from the US GAAP Consolidated Financial Statements (Annual Report on Form 20-F). 2. Numbers do not include ASML Motion

## Our role in the semiconductor industry

The semiconductor industry - a \$298-billion global sector<sup>1</sup> - is at the heart of the electronics supply chain. Its chemicals, water and energy use have a significant and immediate impact on the environment.

Semiconductors - or computer chips, as they are commonly known - are made of silicon, one of the most common elements in the world. The industry's reliance on highly-skilled labor is a strong incentive to offer favorable employment conditions.

ASML is uniquely positioned in the semiconductor industry: we manufacture chip-making machines, not chips. In the semiconductor industry, most usage of chemicals, water and energy relates to the mass production of chips by our customers. A limited amount of chemicals and water is used during testing stages. Our water and energy consumption is significantly lower than that of mass-chip producers.

The technical performance of our machines, however, determines the use of resources by our customers and we address this in our product roadmap.

### Sustainability Leader 2013

Based on our performance in the area of sustainability we were recognized as a Sustainability Leader in the RobecoSAM Sustainability Yearbook 2013

Furthermore, our sector allows for the continuous introduction of new and ever-improving electronic products, using less energy per electronic function. In addition, by producing more powerful chips, our industry enables the introduction of increasingly sophisticated equipment in health care, such as new-generation MRI scanners, and the development of the 'smart grid', a sophisticated IT-driven electricity-distribution model, which helps households and companies use electricity more efficiently. In this way, our industry helps improve the quality of life for people around the world.

### The Global 100: World Leaders in Clean Capitalism

Based on our 2011 performance, we are recognized as one of the world leaders, holding an eleventh place in this ranking.



## Enabling innovation

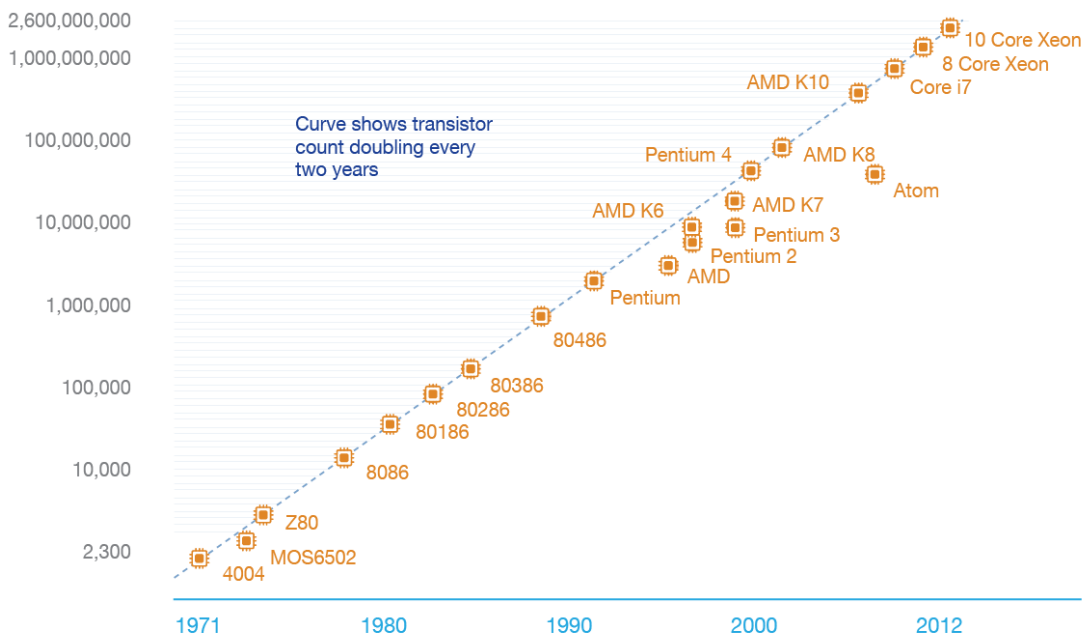
We are a leading and long-established manufacturer of chip-making machines, consistently aiming to help realize Moore's Law. Named after the co-founder of Intel, Moore's Law describes the trend whereby the number of

<sup>1</sup>) Source: Gartner 2012



transistors per chip roughly doubles every two years as features on the chips become smaller. Moore's Law, is an empirical assessment rather than a genuine scientific law and has held true since its discovery in the 1960s.

Microprocessor Transistor Counts 1971 -2011 & Moore's Law



ASML plays a pivotal role in this trend towards ever more energy-efficient and powerful electronics. We invent techniques in order to design machines which can produce ever-smaller electronic circuits using ever-less energy and requiring fewer natural resources. We sometimes describe this quest of doing more with less as 'less is Moore'.

Investing heavily in R&D (2012: 589 million euros), we are now one of very few companies in the world capable of developing the next generation of chip-making machines which will allow Moore's Law to prevail. We have a deeply-held belief that our unique and leading position in the market comes with responsibilities.

Ultimately, our contribution to the world, in terms of economic and social development, is to create and share knowledge in fundamental scientific domains and various technological areas. Our activities regarding social responsibilities and community involvement should be viewed in this light (see section 'ASML Foundation' in chapter 'Engaging our stakeholders').

### Sustainability trends

As a company, we monitor trends in the field of sustainability and assess their relevance to ASML.

One of the trends we are following closely is the growing focus on integrated reporting. Several organizations are urging businesses to report, both their financial results and the non-financial factors, which may or may not affect their bottom line, in one single document. The International Integrated Reporting Council (IIRC), an organization representing businesses, academics and civil society, published a preliminary framework providing guidelines for integrated reporting in July 2012. A new draft is expected in the spring of 2013.

ASML currently reports in line with the GRI 3.1 guidelines (and has a self-declared A-status). The Global Reporting Initiative (GRI), which conceived the well-known GRI guidelines, is working on a new generation of guidelines - the GRI G4. This updated version requires more extensive reporting on 'materiality' in the value chain - requiring companies to reconsider which sustainability issues they consider important and why. Supply-chain management is now also one of the main criteria for the Dow Jones Sustainability Index.

ASML supports this commitment to promote sustainability in the value chain. Creating a sustainable value chain is one of the key objectives of our sustainability strategy and a main theme in this sustainability report. Reporting on

sustainability issues in our value chain can be a challenge, however, because the companies we work with are spread across the world and operate in a wide variety of markets and sectors.

The GRI G4 guidelines, which we expect to be launched in 2013, will require an even closer alignment of our stakeholders in the value chain.

The endorsement by the UN Human Rights Council in June 2011 of the Guiding Principles on Business and Human Rights, also known as the Ruggie Framework, marked the start of an increased focus on how companies report on their impact on human rights. The Guiding Principles established an authoritative global standard on the roles of businesses and governments in helping ensure that companies respect human rights in their own operations and through their business relationships. ASML is reviewing the principles and, if necessary, will adapt the human-rights elements of our corporate ethics mechanisms in 2013.

The trend towards 'the new way of working' continues. In recent years, companies in industrialized countries increasingly introduced flexible working models. Employees work flexible working hours and can choose to work part of their week from home or from other locations outside the company premises. This allows companies to use their office space more efficiently, saving energy and costs. In addition, it helps reduce commuter traffic and enables employees to create a better work-life balance. ASML has launched a pilot project introducing flexible workplaces for employees at one of its offices in Veldhoven (see also section 'Employees' in chapter 'Engaging our stakeholders').

### ***Industry trends***

ASML has identified several long-term global trends relevant to our sustainability strategy (see also section 'Risk management' in chapter 'Governance'). The main trends linked to our industry are:

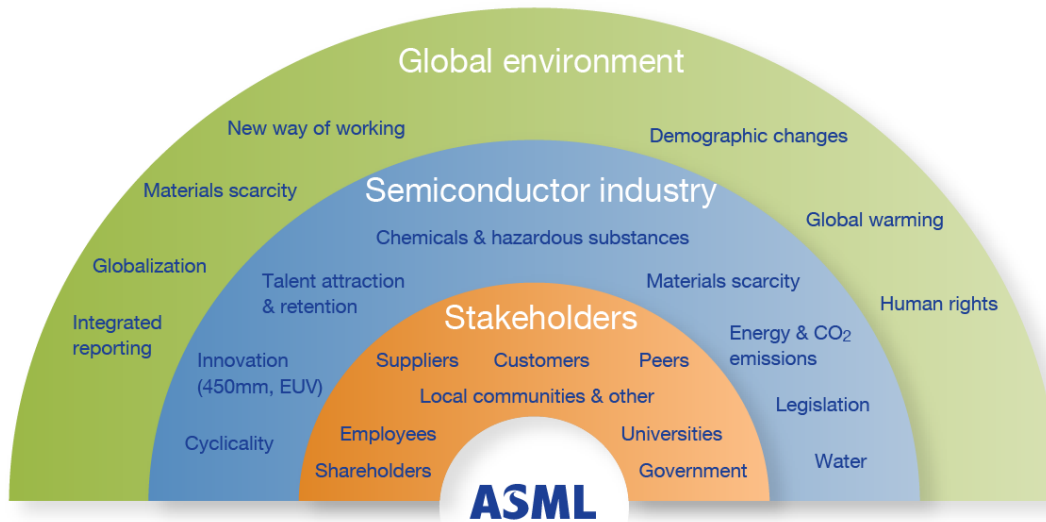
- Potential scarcity of technology professionals.
- Some materials used in the semiconductor industry may become scarce in coming decades.
- Worldwide energy consumption is expected to continue to grow, putting increased pressure on the semiconductor industry to increase energy efficiency.

## Stakeholder engagement

Our sustainability strategy is based on input from our main stakeholders. We are in continuous and open communication with stakeholders from our eight stakeholder groups (see table, 'Main communication channels' in paragraph 'How we communicate with our stakeholders' below). We use their input to identify sustainability issues which reflects their concerns, needs and expectations.

Besides sustainability issues raised by our stakeholders, we analyze trends in the semiconductor industry and global trends in society at large. The cyclical characteristics of our industry, the need for continuous innovation, the scarcity of technology professionals, the potential scarcity of materials and global warming are among the issues which we consider relevant to our industry and globally (see the graphic below).

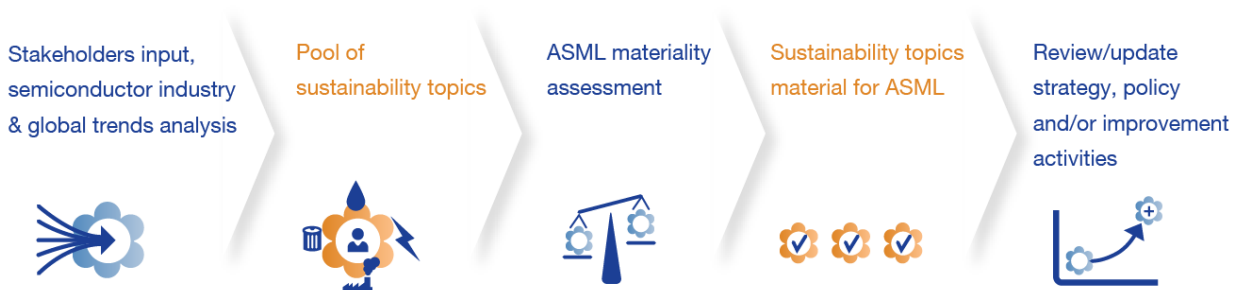
### ASML's stakeholder groups and environment



Based on the sustainability issues raised by our stakeholders and on industry and global trends, we assess which issues are material to us (also see the graphic below). This assessment is carried out by our Corporate Sustainability team. Before we submit the materiality assessment to the Sustainability Board for approval, it is reviewed by the sustainability domain owners and other relevant expert staff in ASML's business lines. Materiality is assessed taking into account aspects such as:

- The importance to the different stakeholder groups
- The impact of ASML on the social, economic, environmental situation
- The extent to which certain sustainability issues are aligned with ASML's business strategy

### Material sustainability topics identification process



Based on the materiality assessment, our Sustainability Board reviews our sustainability strategy to analyze whether any updates, policy changes or other improvements are required.

The table below provides an overview of material sustainability topics, as well as the main stakeholder groups who identified these topics as important to them. For your convenience, there is also a referral to the chapter in this report where a particular topic is addressed.

<b>Main topics (identified as material)</b>	<b>Main stakeholder groups</b>	<b>Chapter</b>
Ethics/Code of Conduct (including human rights, bribery & corruption, slavery & human trafficking)	Employees, Shareholders/Investors, Customers	Chapter Governance: Ethics and Compliance
Antitrust	Shareholders/Investors	Chapter Governance: Ethics and Compliance
CO <sub>2</sub> emissions & energy	Customers, Shareholders/Investors, Employees	Chapter Our sustainable operations and products: Investing in a lower carbon footprint
Water	Customers, Shareholders/Investors	Chapter Our sustainable operations and products: Reducing our use of water
Waste	Customers, Shareholders/Investors	Chapter Our sustainable operations and products: Recycling our waste
ISO 14001	Customers, Shareholders/Investors	Chapter Our sustainable operations and products: Dealing with other environmental aspects
Hazardous substances (RoHS, Reach)	Government (EU & other countries outside EU), Customers	Chapter Our sustainable operations and products: Managing and reducing hazardous substances
Product energy efficiency	Customers, Shareholders/Investors	Chapter Our sustainable operations and products: Supporting sustainability through our products
Product safety	Shareholders/Investors, Peers (SEMI), Customers	Chapter Engaging our stakeholders: Forging close ties with our customers
Health & Safety	Employees, Shareholders/Investors, Peers (EICC), Customers	Chapter Engaging our stakeholders: Employees
EICC membership	Customers	Chapter Engaging our stakeholders: Sustainable suppliers
Supply chain	Industry peers (EICC), Customers, Suppliers	Chapter Governance: Ethics and Compliance Chapter Engaging our stakeholders: Sustainable suppliers
Conflict minerals	Government (US), Customers	Chapter Engaging our stakeholders: Sustainable suppliers
Staffing (including talent attraction & retention and diversity)	Employees, Shareholders/Investors	Chapter Engaging our stakeholders: Employees
Development (of employees)	Employees, Shareholders/Investors	Chapter Engaging our stakeholders: Employees
Employability (including employee engagement, satisfaction and vitality)	Employees, Shareholders/Investors	Chapter Engaging our stakeholders: Employees
Leadership	Employees, Shareholders/Investors	Chapter Engaging our stakeholders: Employees
Physical work environment (including transport, ASML campuses and work-private life balance)	Employees, Local community, Government (municipalities)	Chapter Engaging our stakeholders: Employees
Educational activities (e.g. promoting technical education)	Local communities, Government (NL, EU)	Chapter Engaging our stakeholders: Employees, Society
Sponsoring and volunteering	Local communities, Shareholders/Investors	Chapter Engaging our stakeholders: Society

## How we communicate with our stakeholders

We communicate with our stakeholders in various ways. In addition to the main communication channels presented in the table below, individual stakeholders ask us questions and give us feedback by phone, e-mail or in meetings with our staff. We have a sustainability@asml mailbox where internal stakeholders can ask questions and share comments and ideas with the members of the Corporate Sustainability team. External stakeholders can also send their feedback to corpcom@asml.com.

Stakeholder group	Main communication channels	Chapter SR2012
Customers	Customer Loyalty Survey, direct interaction via Account Teams and Zone Quality Managers, Customer Intimacy and Relationship program, bi-annual technical review meetings (between our major customers and ASML's chief technology officer and his staff), regular meetings between ASML's executives (including the chief executive officer and chief financial officer) and major clients, special events (e.g. Intel Sustainability Summit for Suppliers)	Chapter Engaging our stakeholders: Forging close ties with our customers Chapter Company key information: Stakeholder engagement
Suppliers	ASML's Supplier Day, direct interaction via Supplier Account Teams/Procurement Account Managers, Supply Chain Sustainability Newsletter, supplier audits, special events (e.g. Zeiss Supplier Sustainability event)	Chapter Engaging our stakeholders: Sustainable suppliers
Shareholders/investors	Direct interaction with Investor Relations, different self-assessments and surveys feedback (e.g. DJSI self-assessment, VBDO: Business Balance Review and Responsible Supply Chain Benchmark, The Global 100: World Leaders in Clean Capitalism)	Throughout the report
Employees	<sup>1</sup> Employee satisfaction survey (organized once every 18 months), feedback online training programs (Ehtics- CoC, Environmental, Health & Safety), Works Council, Young ASML, Intranet articles, new employees onboarding sessions	Chapter Engaging our stakeholders: Employees Chapter Governance: Ethics and Compliance
Industry peers	<sup>2</sup> SEMI meetings, EICC membership meetings and workgroups	Chapter Engaging our stakeholders: Sustainable suppliers Chapter Engaging our stakeholders: Employees
Governments	<sup>3</sup> Meetings with municipalities, collaborations with Dutch government e.g. to develop policies in order to promote and facilitate technological innovation), European Union's Joint Technology Initiatives	Chapter Our sustainable operations and products: Open Innovation
Universities	Henk Bodt Scholarship Program, internships, partnerships with universities and institutes (e.g. in the Netherlands, Russia, China)	Chapter Our sustainable operations and products: Supporting sustainability through our products Chapter Engaging our stakeholders: Employees
Local Communities & other	Brainport, Jet Net, Open Doors program, Regional Center of Excellence Rhine-Meuse program, meetings with different schools, local cultural institutions	Chapter Engaging our stakeholders: Employees, Society

<sup>1</sup> Including Works Council and Unions

<sup>2</sup> E.g. competitors, SEMI, EICC

<sup>3</sup> Including regulating bodies in the countries where ASML operates and municipalities

### Examples of stakeholder dialogue in 2012

Our key supplier Zeiss, the company which provides ASML with optical columns, invited ASML staff to speak at a meeting for its suppliers in order to increase awareness about sustainability. We also shared with Zeiss our methodology to measure suppliers' sustainability performance (also see section 'Sustainable suppliers' in chapter 'Engaging our stakeholders').

ASML was asked by Intel, one of our key customers and shareholders and a recognized leader in the semiconductor industry, to attend Intel's first Supplier Summit day in Shanghai. This day was entirely dedicated to sustainability and was attended by 75 main suppliers. At the event, Intel gave an update on its activities in the area of sustainability and 'best practices' were shared between the participants in separate break-out sessions. ASML was represented by the value-chain domain owner, who actively participated in a sustainability-audit round-table (also see section 'Sustainable suppliers' in chapter 'Engaging our stakeholders').

## Our sustainability strategy, targets and KPIs

It is our mission to make machines which make chips ever more energy-efficient and to do so in a responsible way. This mission is the starting point of our sustainability strategy which we updated in 2009, as well as of our first set of sustainability targets which we defined for 2010-2015.

Our customers want chip-making machines which produce more chips faster, while using less energy and fewer natural resources, at a similar cost. They also want us, as their supplier, to operate according to the highest environmental, social and governance standards. Therefore, our sustainability strategy goes hand in hand with our business strategy, which aims to maintain and further develop our position as a technology leader in the semiconductor industry.

We determined our sustainability strategy based on our stakeholder input and on industry and societal trends relevant to our business, addressing topics identified as material through our materiality assessment process (also see the section 'Stakeholder engagement' in current chapter).

ASML's sustainability strategy focuses on four areas: sustainable operations, sustainable products, sustainable value chain and sustainable culture.

Focusing on **sustainable operations** means we seek to guarantee a safe and healthy working conditions for our employees and reduce the environmental impact of both our manufacturing process and our R&D activities.

Providing **sustainable products** means we continuously strive to make our chip-making machines more efficient, enabling our customers to reduce the energy and consumption of natural resources per chip produced.

Focusing on a **sustainable value** chain signifies our ambition to stimulate our suppliers to meet increasingly high sustainability standards and to enable our customers to influence their impact on environment and society in a positive way.

Focusing on a **sustainable culture** means we seek to provide a working environment which inspires our highly-skilled workforce and respects their cultural and individual differences. It also means we seek to make a positive contribution to the well-being of the communities in which we operate.

Since 2009, ASML's Sustainability Board ensures that the sustainability targets for the period 2010-2015 are adopted. These targets are the basis for our main improvements in the area of sustainability in 2012. The Key performance indicators (KPIs) are reviewed regularly in order to monitor the realization of the sustainability targets.

2009 Target Indicators for 2010-2015	2009	2010	2011	2012 Target	Target 2013	Target 2015
<b>Sustainable Operations</b>						
Net CO <sub>2</sub> -emissions (x10 <sup>6</sup> kg)	82.5	88.7	63.8	50.1	48.0	44.3
Non-hazardous waste Veldhoven (%)	52	55	70	100	n/a	n/a
Hazardous waste Veldhoven (%)	79	77	83	92	n/a	n/a
Lost time accident rate	0.33	0.14	0.28	0.18	n/a	n/a
<b>Sustainable Products</b>						
Machine energy efficiency - NXT (kWh/wafer)	n/a	0.63	0.63	0.50	n/a	n/a

### FTSE4Good Index

ASML's efforts in the area of sustainability are underlined by our inclusion in the FTSE4Good index. ASML has been included in this index since 2003. The FTSE4Good is a series of ethical stock-market indices, measuring the performance of listed companies which meet globally-recognized corporate responsibility standards in an objective way.

Key performance indicators 2010-2015	2009	2010	2011	2012
<b>Operations</b>				
Fuels purchased (TJ)	317	382	359	443
Electricity purchased (TJ)	498	537	552	555
Water use (x 1000 m <sup>3</sup> )	692	686	641	601
Total waste materials disposed (x 1,000 kg)	796	1,216	2,186	2,228
Number of accidents with injury	53	57	105	102
...of which lost time accidents	20	10	27	18
Lost time accident rate	0.33	0.14	0.28	0.18
<b>Product</b>				
Number of systems sold	70	197	222	170
Product safety accidents	2	1	1	-
<b>Culture</b>				
Employee attrition (%)	8.5	5.6	4.2	3.3
Absenteeism Europe (%) <sup>1</sup>	3.0	3.1	3.1	3.3
Absenteeism USA (%)	2.7	2.3	2.3	1.6
Absenteeism Asia (%) <sup>2</sup>	0.5	0.5	0.7	0.3
Workforce by gender (men/women in %)	89 / 11	90 / 10	89 / 11	89 / 11
Non product-related training hours per payroll FTE	7	11	19	16
Total donations to community and charitable organizations (x1000 euros)	645	669	977	1,204

1 The figures up to 2011 only include Dutch employees. As from 2012, all European time-registering employees are taken into account; We also adjusted the way we calculate our illness figures in 2012 to ensure alignment with the GRI standard. Figures for previous years have been adjusted accordingly (retroactively) in this report.

2 In some countries, such as Japan, sick leave is regarded as annual leave, so illness-related absenteeism is recorded as 0%.

In 2012, ASML's Sustainability Board reviewed and refined the targets for 2013 to 2015.

2012 Target Indicators for 2013-2015	2010	2011	2012	Target 2013	Target 2014	Target 2015
<b>Environmental footprint</b>						
Net CO <sub>2</sub> -emissions (kilotons)	88.7	63.8	50.1	48.0	46.0	44.3
Energy efficiency savings (TJ)	n/a	7	33	50	70	92
Gross waste reduction (%)	n/a	n/a	n/a	1%	3%	5%
Waste recycling (%)	n/a	n/a	94%	> 85%	> 85%	> 85%
Waste towards landfill (%)	n/a	n/a	n/a	< 5%	< 5%	< 5%
Water efficiency savings (%)	n/a	n/a	n/a	11%	13%	15%

1 As total waste will decrease over time because of first target to reduce total waste, it will be more challenging to stay above 85% recycling.

All target and KPI definitions are listed in appendix 'Non-financial data definitions'.

## Governance

### How we manage our sustainability strategy

ASML Holding N.V. is incorporated under Dutch law and has a two-tier board structure. Executive responsibility for the management of ASML lies with the Board of Management (BoM). The Supervisory Board – composed of independent, non-executive members – in turn supervises and advises the BoM in performing its management tasks. The Supervisory Board retains overall responsibility and assigns certain tasks to its four committees: the Audit Committee, the Remuneration Committee, the Selection and Nomination Committee, and the Technology and Strategy Committee. Members of these committees are appointed from among the Supervisory Board members.

The Remuneration Committee reviews and proposes to the Supervisory Board corporate objectives and targets relevant to the compensation of the BoM. This includes sustainability objectives and targets, the details of which are included in the 2012 Remuneration Report.

The Supervisory Board has prepared a profile on its size and composition. It is subject to explicit composition requirements in terms of economic and social knowledge and experience, but not environmental knowledge and experience. The Supervisory Board addresses sustainability at least once a year.

The Board of Management currently consists of five members. It is chaired by the Chief Executive Officer (CEO) while the Chief Operations Officer (COO) chairs the Sustainability Board, and is responsible for formulating and mandating worldwide sustainability policies, and deploying a global sustainability management system.

	Supervisory Board	Board of Management	Excom	Senior Management	Middle Management	Other <sup>1,2</sup> Employees
<b>Gender</b>						
Female	2		1	12	44	879
Male	6	5	16	144	557	6,757
<b>Age group</b>						
< 30					1	949
30-50			1	102	457	5,429
>50	8	5	16	54	144	1,246

1 Board of Management: Employees in job grade 99

Excom: Predefined list of employees excluding Board of Management

Senior management: Employees with job grade 12 or higher, excluding Board of Management & Excom, and with direct reports.

Middle management: Employees with job grades 8 - 11 with direct reports.

Other employees: All payroll employees, without direct reports.

2 For USA in 2012, gender unknown for 9 FTE and age unknown for 20 FTE.

ASML's Sustainability Board supervises the execution of our sustainability strategy. The board is made up of senior management representatives from all sectors in ASML.

Our Corporate Sustainability department coordinates the day-to-day implementation of the overall sustainability strategy, policies and improvement activities. The department comprises our corporate sustainability manager and three supporting staff members. They monitor policy development and manage the portfolio of sustainability projects. They also coordinate relevant sustainability reporting, including the annual ASML Sustainability Report, sustainability ratings and stakeholder requests. Domain owners for each of our four strategy domains – sustainable operations, sustainable products, sustainable value chain and sustainable culture – liaise with the business and support functions on behalf of the Sustainability department and Sustainability Board. They support and report on the implementation of our sustainability strategy in their respective domains. The four domain owners report to the Sustainability Board each quarter.

It is the mission of ASML's Sustainability Board to monitor the realization of our sustainability targets and key performance indicators (KPIs), and to review and approve related policy changes and improvement activities.

The Sustainability Board also determined the scope of this Sustainability Report, provided input, and presented it to the Board of Management with a positive recommendation.

The Sustainability Board met four times in 2012. The meetings focused on reviewing the progress of ASML's non-financial performance with regard to our sustainability targets, KPIs and projects.



The sustainable operations domain owner supervises programs regarding energy, CO<sub>2</sub>, water, waste, ISO 14001 certification, safety and IT. He organizes quarterly meetings to align implementation of the sustainable operations strategy between Veldhoven, Linkou and Wilton.

In Q1 2012, the worldwide Environmental, Health, Safety and Security (EHS&S) Manager took up his position, which was created when we centralized our environment, health, safety and security strategy. He reports to the Deputy Chief Operations Officer.

One of the main tasks of the domain owner for sustainable culture is to liaise with the HR department to identify what HR activities are most relevant to create a sustainable culture. The Senior Vice President Human Resources & Organization (HR&O) has global responsibility for the HR processes, including recruitment, training, work-life balance and diversity.

The domain owners for sustainable products and sustainable value chain coordinate the worldwide implementation of our sustainability policy in these domains, ensuring we meet our goals for sustainable products and sustainable value chain.

## **Ethics and compliance**

### *Code of Conduct*

We strive to do business on the basis of fairness, good faith and integrity. Our Code of Conduct sets out our ethical position on issues such as:

- Respect for the different cultural identities of our employees, stakeholders and customers
- Zero tolerance of any form of discrimination or harassment
- Promoting honest, ethical and transparent conduct, including in the handling of actual or apparent conflicts of interests between personal and professional relationships
- Conducting our business in good faith and with integrity
- Complying with all applicable laws and regulations

The complete Code of Conduct can be found in the corporate governance section of our website.

### *Business Principles*

The Code of Conduct has been translated into an internal set of practical Business Principles, which contain rules for day-to-day operations for employees. These Business Principles focus on five areas:

1. Show respect for people and the planet
2. Operate with integrity
3. Preserve intellectual property and other assets
4. Manage exposures by following processes
5. Adhere to our Business Principles and applicable laws

### *Ethics Organization*

ASML's Ethics Office oversees and implements our ethics and compliance program.

The Ethics Office was established late 2011, with the launch of the reviewed and updated Code of Conduct and Business Principles. It consists of an Ethics Officer and a small support staff at our corporate head office. The Ethics Officer reports to the Ethics Board, which consists of the Chief Financial Officer (CFO), Vice President Legal Affairs and Senior Vice President Human Resources & Organization. The Ethics Board is responsible for policy making and supervising ASML's compliance with legal and ethical requirements.

The Ethics Office is supported throughout the business by Ethics Liaisons. These are employees who, in addition to their daily role, have been appointed by the Ethics Board to support the Ethics Office in strengthening the ethics and compliance program across the organization. They are also the first local point of contact for employees who have a question, remark or concern relating to the Code of Conduct or Business Principles. In 2012, the Ethics Board appointed 22 Ethics Liaisons worldwide.

### *Ethics Program 2012*

A global program to raise employee awareness of the updated Code of Conduct and the Business Principles was launched in 2011 and continued in 2012. All new employees are required to complete the compulsory 30-minute online

training within their first month of working at ASML. In 2011, about 10,600 employees worldwide completed the online training. In 2012 about 2,000 new hires<sup>2</sup> completed the training.

The Ethics Office launched an ethics and compliance intranet site where employees can access the Code of Conduct and Business Principles, as well as information about how to speak up in the event of a violation and who to contact. Intranet articles focusing on ethical issues were published regularly.

The Ethics Office provides monthly presentations to new personnel during their introduction day and the Ethics Officer provides tailored presentations to different departments.

#### *Code of Conduct complaints*

We encourage our employees to discuss or report any behavior that may violate our Code of Conduct. ASML has a procedure for reporting issues breaching the Code of Conduct, including complaints of a financial nature (Whistleblower's policy). We encourage our employees to speak up and feel free to raise ethical issues without the fear of retaliation. For those who feel more comfortable speaking up anonymously, there is an external hotline (phone or webmail). The reporting procedure for Code of Conduct violations can be found in the corporate governance section of our website.

In our reporting administration we make a distinction between reports and formal complaints. A report is a question, remark or concern relating to the Code of Conduct or Business Principles. A complaint is a formal report relating to an actual or potential violation of the Code of Conduct or Business Principles and must be investigated by the Complaints Committee according to our Reporting Procedure. In 2012, dozens of reports were made. This number increased because before 2012 we did not make the distinction between reports and complaints, and reports were not administrated by the Ethics Office but handled in other ways. The number of complaints did not increase compared to 2011.

#### *Code of Conduct standards*

ASML interacts with and operates in many different communities worldwide through our employees, shareholders, customers, and suppliers. We develop leading-edge imaging solutions that contribute to the technological advancement and modernization of society. As one of many participants on the global playing field, we believe we should act as a responsible corporate citizen.

- We believe that human rights, as defined by the United Nations in its Universal Declaration of Human Rights, are a common standard we can all uphold, and we encourage our people to respect these rights and freedoms.
- In general, we support the principles laid down in the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and those in the International Labor Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

ASML strives to conduct business on the basis of fairness, good faith and integrity, and we expect the same from our business partners. ASML supports the Code of Conduct of the Electronics Industry Citizenship Coalition (EICC). The majority of our major suppliers are expected to certify their compliance with the EICC Code of Conduct (see section 'Sustainable suppliers' in chapter 'Engaging our stakeholders').

ASML respects the rule of law and complies with all national laws, regulations and administrative practices of the countries in which we operate. Within that legal framework, we strive to conduct our activities in a competitive and ethical manner.

#### *Ethics Program 2013*

We have identified the following objectives for 2013:

- Roll out mandatory refresher training on the Code of Conduct and Business Principles for all employees worldwide, focusing on important topics such as gifts and entertainment and bribery and corruption.
- Face-to-face training for managers worldwide, focusing on all elements of the ethics program.
- Develop additional communication material to increase awareness of the ethics program.
- Ensure relevant policies and procedures relating to the Code of Conduct and Business Principles are easily accessible by our employees.

<sup>2</sup> New hires here include all payroll employees, temporary employees (employed longer than one month) and contractors (employed longer than three months, working on ASML premises and having an ASML IT account).

## Risk management

Our internal risk management and control system is based on identifying external and internal risk factors that could influence our operational and financial objectives. It contains a system of monitoring, reporting and operational reviews. All material risk management activities are discussed with the Audit Committee and Supervisory Board. Major risk factors – including those specific to the semiconductor industry, ASML or our shares – are disclosed in our annual report on form 20-F. These risks include, but are not limited to: economic conditions; product demand and semiconductor equipment industry capacity; worldwide demand and manufacturing capacity utilization for semiconductors; manufacturing efficiencies; new product development; customer acceptance of new products; and reliance on a limited number of key component suppliers.

The ASML Board of Management and senior management annually review the key strategic risks and define mitigating actions. This risk review is based on the ASML Risk Universe – a framework of formal risk definitions, including sustainability issues such as environmental risks and health and safety. The results of the review and progress updates are reported to the Audit Committee.

In 2012, with the help of an external specialist, we assessed long-term risks based on sustainability megatrends relevant to ASML and the semiconductor industry. Among the main long-term risks identified were:

- Potential scarcity of technology professionals
- Some materials used in the semiconductor industry may become scarce in coming decades
- Worldwide energy consumption is expected to continue to grow, putting pressure on the semiconductor industry to increase energy efficiency.

ASML has a number of programs and processes in place to mitigate these risks, including our talent management program and supply chain risk management processes. In addition, our product is a key enabler in continuously producing smaller and more energy efficient chips. We will continue to monitor these risk trends to determine whether or not they necessitate changes to our sustainability strategy and targets.

The 2012 operational risk review did not identify any other major or moderate sustainability risks – such as climate change risks or significant negative economic, social or environmental impacts of our operations on local communities – that would indicate that we need to change the ASML sustainability strategy and targets.

Business continuity is explicitly addressed in our risk management process. A detailed analysis of ASML's manufacturing sites was executed in 2011 to reassess our business interruption exposures. This analysis included an evaluation of the contingency and recovery measures in place to restore business processes to a normal level of operation after a disaster or unexpected event.

In 2012, we formalized and implemented the Business continuity management (BCM) process. The process is driven by the COO and executed in ASML locations worldwide. Process guidance, monitoring and reporting is provided at a corporate level. Annual activities performed as part of our BCM process include:

- Updating our business impact analysis and recovery plans
- Reviewing our recovery strategy, plans and status of preventive measures
- Exercising crisis management procedures
- Raising awareness of BCM throughout our business
- Reporting on our BCM status and capability

In 2013, we will further enhance our current recovery capability by implementing additional preventive measures.

## Our sustainable operations and products

As part of our objective to contribute to a sustainable world, we invest time and resources in ensuring our business practices and operations meet stringent environmental and social standards. Steps are taken to reduce our energy use and CO<sub>2</sub> emissions, recover and recycle company waste, limit water use, and create a safe working environment for our employees. These activities are supported by a certified ISO 14001 management system, all of which help us run our business in what we believe to be a responsible way.

2012 Target Indicators for 2013-2015	2010	2011	2012	Target 2013	Target 2014	Target 2015
<b>Environmental footprint</b>						
Net CO <sub>2</sub> -emissions (kilotons)	88.7	63.8	50.1	48.0	46.0	44.3
Energy efficiency savings (TJ)	n/a	7	33	50	70	92
Gross waste reduction (%)	n/a	n/a	n/a	1%	3%	5%
Waste recycling (%)	n/a	n/a	94%	> 85%	> 85%	> 85%
Waste towards landfill (%)	n/a	n/a	n/a	< 5%	< 5%	< 5%
Water efficiency savings (%)	n/a	n/a	n/a	11%	13%	15%

We also aspire to continue the historical trend of increasingly energy-efficient computer chips through innovation and system improvements. We aim to reduce the use of hazardous and polluting materials in our production processes and products and to uphold the safety performance track record related to scanners used by our customers.

### Green company of the month

'Green company of the month' award in Noord-Brabant province.

In January 2013, ASML was named 'Green company of the month'. The award, presented by the deputy of Environmental Affairs from the Dutch province of Noord-Brabant, recognizes ASML's achievements in the area of sustainability.

## Supporting sustainability through our operations

We are working to make our operations sustainable through a range of activities, all of which are guided by our 2011-2015 'master plans'. These plans outline sustainable guidelines for energy and CO<sub>2</sub> reductions, water and waste management and for our ISO 14001 certification. The scope of our environmental data is limited to our manufacturing locations in Veldhoven, Wilton and Linkou and excludes our field offices. We also have master plans for safety at manufacturing sites and offices around the world. Together these plans contribute to our sustainable operations strategy.

2012 Key Performance Indicators 2013-2015		2010	2011	2012
<b>Environmental footprint</b>				
Number of systems sold		197	222	170
Fuels purchased (TJ)		382	359	443
Electricity purchased (TJ)		537	552	555
Water use (x 1000 m <sup>3</sup> )		686	641	601
Total waste materials disposed (x 1,000 kg)		1,216	2,186	2,228

### Energy / waste / water per region



	Energy [TJ]	Waste materials [tonnes]	Water use [x1000 m <sup>3</sup> ]
Veldhoven	736	1,477	475
Wilton	230	660	89
Linkou	32	91	37
<b>Total</b>	<b>998</b>	<b>2,228</b>	<b>601</b>

## Investing in a lower carbon footprint

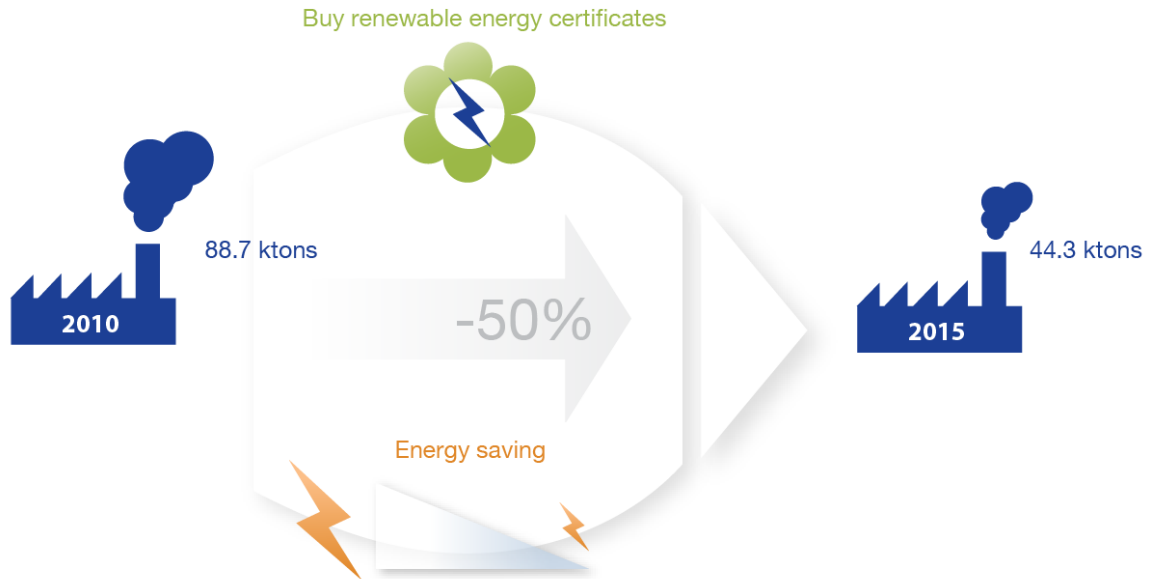
### Target CO<sub>2</sub> reduction

Our target is to halve ASML's worldwide CO<sub>2</sub> footprint by 2015 compared to the 2010 level. This means reducing our carbon footprint to 44.3 kilotons versus 88.7 kilotons in 2010.

### Approach CO<sub>2</sub> reduction

ASML seeks to achieve its CO<sub>2</sub> reduction by:

#### Energy and CO<sub>2</sub> reduction



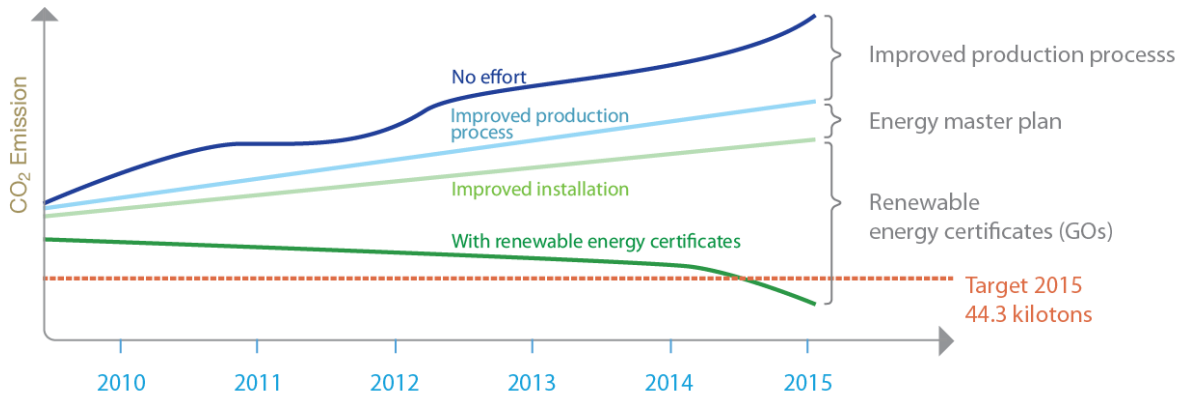
#### 1. Saving energy:

- Implementing our energy master plan.
- Energy savings as a result of production process improvement. This reduces production time (cycle time) and the energy required per lithography machine.

#### 2. Buying renewable energy certificates called 'guarantee of origins' (GOs) in Europe.

As shown in the figure below, production process improvement helps lower ASML's CO<sub>2</sub> footprint from a 'no effort' footprint (no cycle time reduction) to an 'improved production process' footprint (with cycle time reduction). Our energy master plan enables the further reduction of our CO<sub>2</sub> footprint from 'improved production process' to 'improved installation'. For the remainder we buy renewable energy certificates (GOs) to reach our target.

#### CO<sub>2</sub> footprint reduction



#### Target 2012 energy master plan

Our target is to realize energy savings through improved technical installations. We have set a savings target of 92 terajoules (TJ) by end-2015.

#### 2012 energy master plan achievements

Execution of our energy master plan saved an estimated 33 TJ over 2012, through a number of projects including:

- Heat recovery of our heat ventilation air conditioning (HVAC) systems (Veldhoven, Wilton and Linkou)
- Improvement of HVAC set-points (Veldhoven and Wilton)
- Improvement of light fixtures and controls (Wilton and Veldhoven)
- Efficiency improvements through maintenance (Veldhoven, Wilton and Linkou)
- Improvement of the energy efficiency of our IT installations in Veldhoven, Wilton and Linkou including the implementation of Windows 7 and improved capacity storage and servers

In total we realized energy savings through improved technical installations of 7 TJ in 2011<sup>3</sup> and 33 TJ in 2012, resulting in a total operational cost reduction of around 470,000 euros up to the end of 2012 for a total investment of approximately 2,000,000 euros.

We developed and validated a detailed energy demand model to forecast the energy and CO<sub>2</sub> footprint of our main production buildings in Veldhoven. The model integrates facilities, production process improvement, as well as weather variations.

We continuously monitor and register 100% of our electricity use at building and sub-building level. In 2013, we will continue our effort to implement an energy management system including monitoring natural gas usage of all our equipment.

<sup>3</sup> This is a revised figure. In our 2011 sustainability report we reported total energy savings through improvements of technical installations of 12 TJ. An internal ISO14001 audit conducted in 2012 revealed weather variability had not been taken into account for our energy savings at our Linkou site. As a result, the energy savings figure was adjusted to 7 TJ. From 2012 onwards, the impact of weather variability is taken into account at all three manufacturing locations.

### 2012 CO<sub>2</sub> reduction achievements

In 2012, our overall CO<sub>2</sub> footprint dropped to 50.1 kilotons, below the 57.1 kilotons target.

As shown in the table below, the expansion of our production capacity with new buildings and the introduction of lithography tools with higher power consumption, will increase our energy consumption and resulting gross CO<sub>2</sub> emissions over the 2010-2015 period. Our energy saving activities and production process improvements all contribute to the increase.

<b>Sustainability Operations</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Fuels purchased (direct energy) (TJ)	317	382	359	443
Electricity purchased (indirect energy) (TJ)	498	537	552	555
Total energy used (TJ)	815	919	911	998
Gross CO <sub>2</sub> emissions (kilotons)	82,5	88.7	90.1	94.0
GOs bought converted in CO <sub>2</sub> (kilotons)	n/a	n/a	26.3	43.9
Net CO <sub>2</sub> emissions (kilotons)	82.5	88.7	63.8	50.1

Energy savings of improvements of our technical installations (33 TJ) and production process (20 TJ) amounted to an equivalent of 7.5 kilotons CO<sub>2</sub> reduction in 2012. The cogeneration plant installed in Wilton at the end of 2011 contributed to an additional CO<sub>2</sub> reduction of 2.1 kilotons. In 2012 in total, we avoided our gross CO<sub>2</sub> emissions by 9.6 kilotons to 94 kilotons.

Additionally in 2012 we bought 100 GWh of GOs equivalent to a reduction of 43.9 kilotons of CO<sub>2</sub>, bringing our net CO<sub>2</sub> emissions to a target level of 50.1 kilotons.

### CO<sub>2</sub> and energy reduction targets in 2013

In 2013, we will continue our efforts to reduce energy and CO<sub>2</sub>. Our net CO<sub>2</sub> target for 2013 is 48 kilotons. Our cumulated energy saving target for 2010 until the end of 2013 through improved technical installations is 50 TJ.

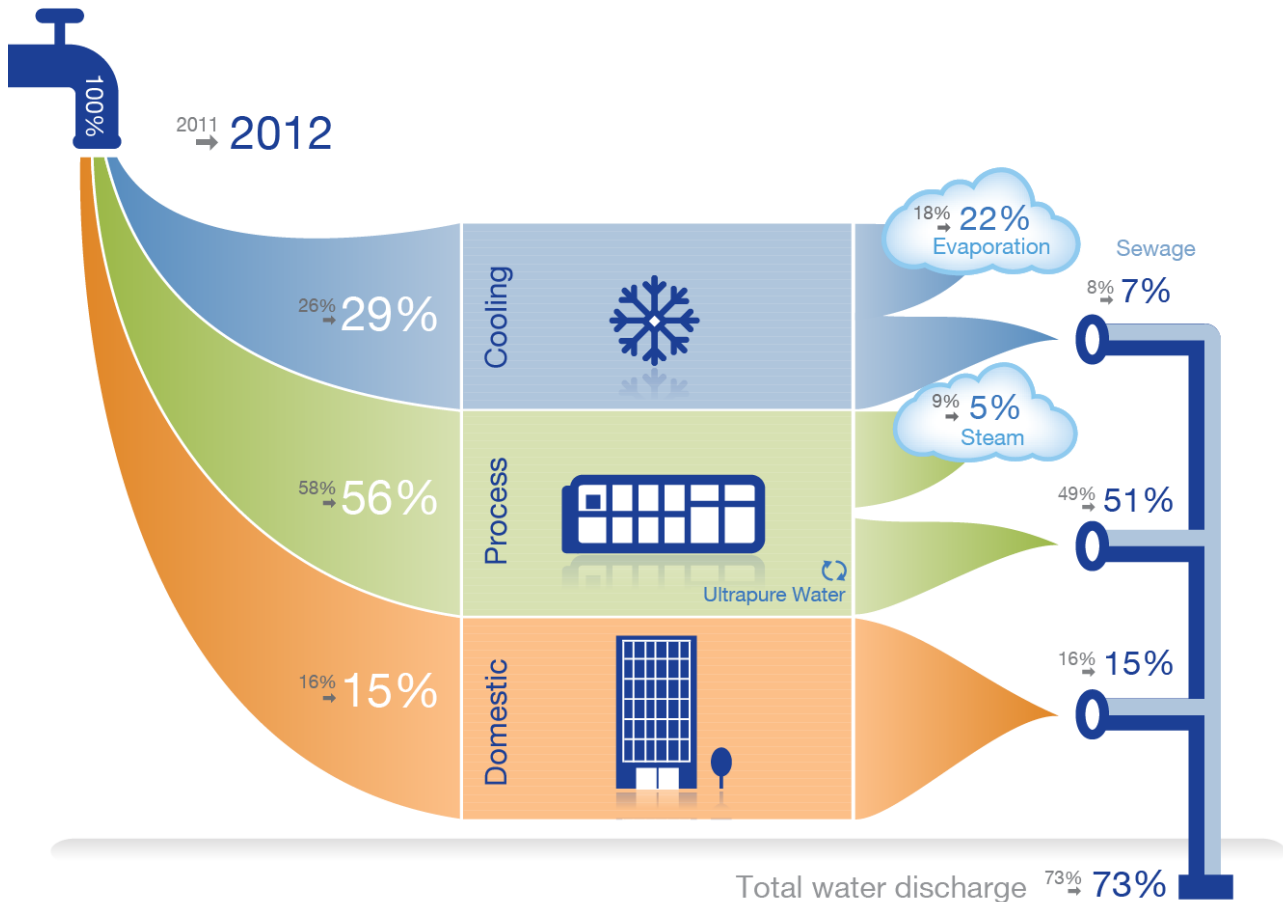


## Reducing our use of water

Compared to most companies in the semiconductor sector, ASML uses roughly 100 times less water. This is because ASML's core business is manufacturing lithography machines, while the semi-conductor industry produces computer chips, which need to be cleaned with water. Despite this relatively low water consumption, ASML strives to continuously reduce this amount, ensuring responsible and sustainable manufacturing.

All the water we use is regular tap water, supplied by local utility companies. We use water for three purposes: cooling water for lithographic systems, cleanrooms and offices; process water for our lithographic immersion systems; and for domestic use in bathrooms, cafeteria, kitchens, etc.

Breakdown water streams corporate



### Our goals

ASML has a water master plan outlining the objectives and plans to use less water at Veldhoven, Wilton and Linkou for the 2011-2015 period. Our water master plan includes the following goals:

- Realize water saving projects by 2015 representing 15% (102,900 m<sup>3</sup>) of our 2010 water use.
- Improve the way we measure our water intake, our three principal water streams (cooling, process water and domestic) and our water discharge.

### Approach

Our monthly, quarterly and yearly reporting focuses on water intake, process water and water discharge. We also report on water used for cooling and domestic purposes.

### Achievements in 2012

We implemented internal audits for water in Wilton and Linkou in 2012, including the results in the master plan for 2012-2015. At our site in Veldhoven, we achieved measured savings of 30,200 m<sup>3</sup>/year in 2012 thanks to improvements to our Ultra Pure Water systems. Automated water meters to measure the main water streams were installed in all buildings in Veldhoven and Linkou. In Linkou, we realized measured savings of 20,000 m<sup>3</sup>/year by introducing ultrapure

water (UPW) reclaim systems and recycling waste heat, which led to less water evaporation of the cooling water system. Together with the measured savings of 20,000 m<sup>3</sup>/year we already realized in Linkou in 2011, our overall savings since 2010 amount to 70,200 m<sup>3</sup>/year<sup>4</sup>.

#### *Plans for 2013*

In Veldhoven and Wilton, additional water meters to measure the three main water streams and water discharge will be installed in 2013. Also, a project related to cooling towers will be executed in 2013 in Veldhoven. In Linkou, we will implement a water monitoring system, focusing on monitoring, data analysis and water management.

#### ***Recycling our waste***

At ASML manufacturing locations we categorize and report our waste disposal in compliance with the new EU regulations. Our ultimate goal is to achieve zero waste, moving up the 'waste treatment ladder' towards total waste prevention.

#### *Targets in 2012*

Our waste master plan for 2010-2015 provides a strict framework for managing our waste recycling objectives and actions, setting out clear targets and actions. In 2012, we beat our targets for recycling at Veldhoven, recycling more than our projected goal of 75% of non-hazardous waste and 80% of hazardous waste.

#### *Achievements in 2012*

We exceeded our target of recycling 75% of non-hazardous waste at Veldhoven, achieving a level of 100%. We also beat our target of recycling 80% of hazardous waste at Veldhoven, achieving 92%.

The following steps were taken in 2012 to achieve our Veldhoven waste recycling targets and to improve our waste recycling levels at our other manufacturing locations:

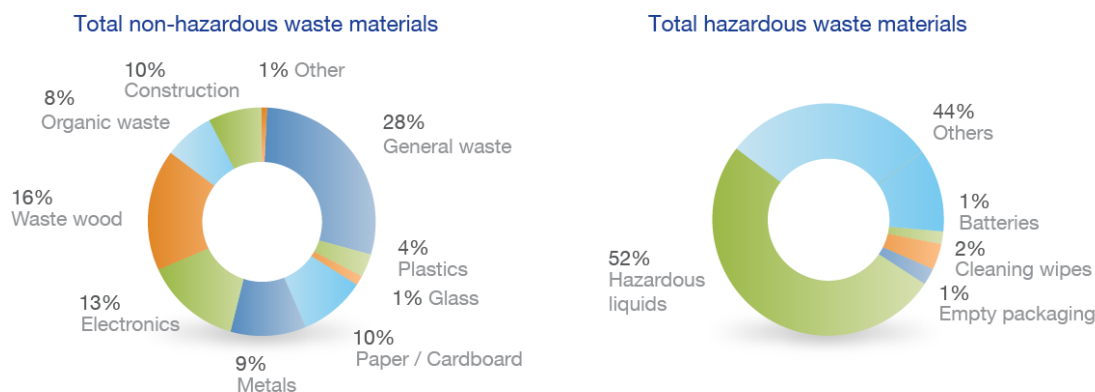
- We continued separation of office waste in various pilots and we managed to increase separation in Veldhoven by introducing new waste collection bins.
- We introduced the separate collection of plastics in all manufacturing locations. In Veldhoven we also rolled out separate collection of foils.
- We began separating collection and recycling of rigid plastics in Veldhoven.
- Additional waste handlers ensured proper segregation and handling of waste materials at Veldhoven, boosting overall recovery of plastics, metals and other packaging materials.
- Waste coffee grounds have been collected with other organic waste at our Veldhoven site since the fourth quarter of 2011. We collected about 134 tons in 2012 (compared to 116 tons in 2011), 100% of which was recycled externally.
- In Linkou, we rolled out the separation and collection of wooden crates, enabling external recycling instead of incineration.
- In Wilton we also installed waste balers for plastics and cardboard in the warehouse section and in the cafeteria, reducing the volume of general waste by 50%.

In 2012, we generated 1,922 and 306 metric tons of non-hazardous and hazardous waste respectively. The overall amount of disposed waste grew by 2%. This is mainly due to increased manufacturing, sales and number of employees at ASML, which contributed to higher waste figures.

4) As the saving projects mainly include process water improvements, the saving of 70,200 m<sup>3</sup>/year is under the condition of equal sales in volume and machine type.

In 2011, we developed a new waste reporting system and a waste master plan for all our manufacturing sites. This system has been operational since April 2012. Data on a wide range of waste categories is collected and reported monthly.

### Waste materials



### Revised targets

Because targets were already reached or exceeded in 2012, we have modified our waste strategy, bringing it in line with new European Union definitions and regulations, which distinguish between prevention, recovery and final disposal of waste. We adjusted our target-setting so that it now covers all our production sites (Veldhoven, Wilton and Linkou). We want to move up the waste treatment ladder, towards the ultimate goal of waste prevention. We are working towards this with three strategic targets on waste disposal for the period of 2013-2015:

1. Zero emissions
2. Improve our recovery waste
3. Gross waste reduction

These strategic targets have been translated into targets for ASML manufacturing locations<sup>5</sup>:

1. Less than 5% of total waste from ASML manufacturing locations should go to landfills as of 2013.
2. More than 85% of total waste from ASML manufacturing locations should be recycled by end-2015.
3. Total waste of ASML manufacturing locations should be 1% lower by end-2013, 3% lower by end-2014 and 5% lower by end-2015 (versus total waste level in 2012).

These targets will be supported by a waste master plan, implemented at each ASML production location.

### Dealing with other environmental aspects

#### Air emissions

We are stringent in our monitoring and reporting of air emissions from our production sites. At a corporate level, ASML Netherlands B.V. has held a NO<sub>x</sub> emissions trading permit since 2009 and, in line with Dutch regulations, we also have a NO<sub>x</sub> monitoring plan and send a report annually to the Dutch government. These reports cover NO<sub>x</sub> emissions from our installations in Veldhoven with a capacity exceeding 1MW. In 2012, these installations emitted an estimated 26.2 metric tons of NO<sub>x</sub> (2011: 28,5 metric tons).

At the end of 2011, a new co-generation unit was installed at our Wilton manufacturing location. This means we have also started inspecting and reporting on NO<sub>x</sub> emissions from Wilton during 2012. A Selective Catalyst Reduction system (SCR) was configured into the cogeneration unit to reduce NO<sub>x</sub> emissions. In our Linkou facility no natural gas is used and therefore no NO<sub>x</sub> emission reporting is performed.

In accordance with legal requirements, we also measure and record emissions of ozone-depleting substances from our manufacturing locations. This includes CFCs, which are present in our cooling installations. The logbooks are subject to

<sup>5</sup> As total waste will decrease over time because of the first target to reduce total waste, it will become more challenging to achieve recycling rates above 85%.

internal audits. Furthermore, we record and measure emissions of volatile organic compounds in Veldhoven and Wilton. Emission results show compliance with the local legislation.

### ***Biodiversity***

We monitor and minimize the impact of our industrial activities and buildings based on the biodiversity of the areas in which they are located. In the Netherlands this is regulated by 'zoning plans', which cover many environmental aspects such as soil protection, noise impact, geo-hydrological aspects, as well as archaeology, cultural history, flora, fauna and local air quality.

Our Veldhoven zoning plan indicates that:

- The site has a low indicative archaeological value.
- It has a high groundwater level that is controlled via a drainage system connected to surrounding surface water ditches.
- No protected or threatened flora has been found on or adjacent to the site. Some protected animals might be there, but our activities do not affect them.

At our Wilton and Linkou sites, the archaeological value and the impact of our production activities on flora and fauna are also negligible.

### ***Environmental incidents***

In 2012, six minor environmental incidents occurred at ASML Holding premises. Four incidents concerned some vehicles of contractors leaking liquids (diesel, hydraulic oil and brake fluid) at the outside terrain of ASML in Wilton. Furthermore we had an urea spill next to our cogeneration unit. In total 61 liters of urea were spilled and immediately cleaned up. One incident occurred in Veldhoven, where 20 liters of diesel spilled into the sewerage system while refilling a fuel tank. We reported the incidents to the local authorities, who determined they caused no significant environmental damage and therefore no fine was levied.

### ***Our ISO 14001 certificate***

Our ISO 14001 certificate was renewed for another three years in 2011 following an audit of our environmental management system by the external accredited auditor, BSI Global.

In 2012 BSI Global also performed a random sample of audits at our manufacturing locations and a number of customer support offices. Five minor nonconformities (NCs) were found, mainly minor administrative updates of our environmental management system. An action plan has been agreed to correct these NCs. We also carry out our own centrally-coordinated internal audits, and take action where necessary. Based on these, and following a recent management review, our worldwide environmental management system now complies with the basic requirements of ISO 14001: 2004.

### ***Legal compliance***

The required environmental and safety permits for our buildings and operations at our locations have been granted by the appropriate authorities. An internal program is in place to check the validation of the permits and verify compliance with their conditions in consultation with local authorities. In 2012, we remained compliant with legal requirements and were not fined for environmental, health, safety or security issues.

## Supporting sustainability through our products

ASML is a major contributor in the chip manufacturing industry, using its role to actively supports the trend towards production and use of increasingly powerful and energy efficient electronics. We invent techniques to design machines that can produce ever smaller electronic circuits. This in turn allows our customers to produce “low power” chips that require fewer natural resources and use less energy over their lifetime compared to older-generation chips.



It is our objective to continue to support this trend and help realize Moore’s Law, which states that the number of transistors per chip roughly doubles every two years. As features on the chip become smaller, more transistors can mean faster processing speeds. We work towards realizing this by investing in R&D in close cooperation with our suppliers. This is also supported by our recent customers’ co-investment programs (also see section 'Co-investment program' in chapter 'Engaging our stakeholders').

We also strive to make our machines more resource efficient, enabling our customers to reduce the carbon footprint per wafer produced.

Target Indicator	2009	2010	2011	2012	Target 2012	Target 2013	Target 2015
<b>Sustainable Products</b>							
Machine energy efficiency - NXT (kWh/ <sup>1</sup> wafer)	n/a	0.63	0.63	0.50	0.50	n/a	n/a

<sup>1</sup> As NXT was first shipped in 2010, figures are theoretical due to complexity of the machine and the customer process involved. Due to this fact we decided to refrain from setting targets.

Due to the complexity of the machine, in combination with the specific customer process the machine operates, the 'Machine energy efficiency - NXT' data have always been theoretical figures. Because of this issue, we decided to stop target setting on this specific product indicator.

## Enabling the production of energy-efficient chips

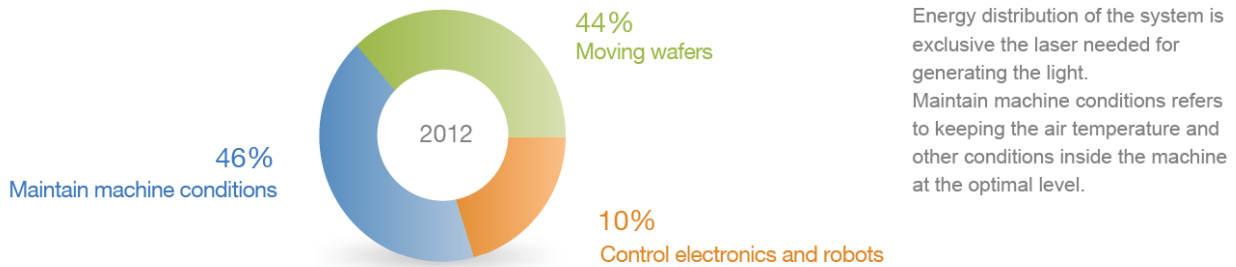
### Our approach

To enable the production of more energy and resource efficient chips, we focus on three aspects of our lithography machines:

- **Productivity**
- **Shrink**
- **Yield**

Chips are produced on wafers, which are silicon disks that are scanned by our lithography machines. These are then polished, rinsed and cut into chip-sized pieces. As one wafer can contain hundreds of chips, increasing **productivity** means making machines that produce more chips per hour and can run uninterruptedly for longer periods of time, without requiring maintenance. A key indicator of productivity is the number of wafers our machines produce per hour. **Shrink** is the process of developing smaller transistors on chips, using increasingly sophisticated lithography techniques. The smaller the chips become, the more can fit on one wafer. Over the years, we have invented machines that drive the miniaturization of semiconductors. Our latest-generation machines use EUV technology. As we are convinced these won't be the last, shrink remains a focal point of our R&D activities. Increasing **yield** means having machines that produce wafers with ever fewer defects. Just one dust particle can disturb the lithographic process, rendering one or several chips on a wafer useless. By creating the cleanest possible conditions and the clearest possible lenses, we can reduce the number of flawed chips per wafer and hence increase the yield.

### Machine energy distribution



### Our achievements in 2012

In 2012, we increased the productivity of our NXT machines, which use immersion technology, to 230 wafers per hour (ATP conditions). Customers using our machines reached a productivity of 5100 wafers per day.

This productivity increase was achieved by introducing a new NXT product, combining it with an upgrade package to increase productivity in wafers per hour on installed base machines. Some new systems and upgrades were delivered and shipped to customers in 2012.

Producing more wafers per hour with little or no increase in energy output means our machines are more energy efficient. In 2012 we increased this efficiency to 0.50 kWh per wafer (2011: 0.63 kWh per wafer).

Intrinsic to the design strategy of our machines is that power supplies are rated 'gold plus'<sup>6</sup>, meaning they are more than 90% energy efficient, while the large pumps for cooling water and the larger air fans in our machines are controlled by frequency controllers to optimize their use.

Reporting of the energy efficiency of the NXE machines, which use EUV technology, will start once they reach a mature status with at least 50 wafers per hour. At present EUV is still in development.

### Ongoing improvements

Our business success and market leadership are closely tied to our ability to enable our customers to produce ever smaller and thus more energy efficient chips. We continued our R&D programs to make further progress in this area (see section 'Leading in innovation' in current chapter). Today the most advanced customers use structures down to 22

6) Based on the 80 Plus energy level certifications. 80 Plus is an initiative to promote energy efficiency in computer power supply units.

nanometer (nm) in their prototype chips. Our roadmap identifies products with a resolution down to 13 nm using EUV technology.

Producing a chip is a complex process with hundreds of processes and measurements, including multiple lithographic steps. ASML supports this with a mixture of lithography machines: I-line (Immersion line), KrF (Krypton fluoride), ArF (Argon fluoride), ArF immersion and EUV. Our overlay and line width measurement tools (YieldStar), also enable clients to assess the accuracy of the transistors on the wafers during the production process, allowing them to fine-tune settings and increase yield.

In addition to delivering our newest-generation NXE machines, we continued to produce other systems (I-line, KrF, ArF and ArF-immersion). We also produce machines that make 'CCD' chips, used in the latest-generation of digital cameras, and 'thin film head machines' that are used by customers who produce reading heads for hard disks.

In 2013, our R&D efforts will focus on developing machines that can process 450mm wafers, supported by our co-investment program. The introduction of 450 mm wafers is expected to reduce the operating cost per chip produced, when compared to the same chip produced on a smaller size silicon wafer. Delivery of the new EUV-system, the NXE3300, will commence at the start of 2013.

### ***Tackling the growth challenge***

We are aware that by enabling the production of more powerful and cheaper computer chips, we also fuel the development of new electronic applications. This development poses a challenge for our entire industry. For us, it confirms the importance of working with all stakeholders in the value chain to make our industry more sustainable and contributing to this through research and innovation.

### ***Leading in innovation***

To retain its competitive position, ASML has to continually develop new ground-breaking systems. In our quest to continue to realize Moore's Law (also see section 'Supporting sustainability through our products' in current chapter) we devote a significant portion of our financial resources to research and development. We have development centers in the Netherlands, the United States and Taiwan.

Our success in developing machines that produce ever smaller and more energy-efficient chips is crucial to enabling our customers to manufacture ever more energy efficient, and therefore environmentally sound, electronics.

In 2012, we spent 589 million euros (2011: 590 millions euros) on R&D. One of the main priorities was to further develop our EUV technology. We particularly focused on further improvements of the light source to scan wafers in the EUV machines. We also continued to focus on our programs for immersion and double patterning.

Two important developments occurred in 2012 that are closely related to our R&D efforts: the launch of the customer co-investment program and the planned acquisition of Cymer. The co-investment program (also see section 'Forging close ties with our customers' in chapter 'Engaging our stakeholders') allows us to allocate more resources to and speed up the development of new technology, including the development of machines that will be able to handle 450mm wafers. Cymer is an American high-tech company and leading supplier of lithography light sources used by chip makers to manufacture advanced semiconductor devices. The acquisition of this former supplier should enable ASML to accelerate the development of EUV light source technology to higher productivity which will further enhance our EUV technology.

### ***Open innovation: a compelling model for growth***

To ensure we can continue to develop new technologies, we have adopted the concept of 'open innovation'. This is based on cooperation and sharing with our suppliers, universities and similar research institutes, and other partners. Rather than keeping new findings to ourselves, we and our partners share our findings in some areas with each other. This way we can each pursue our own agendas faster, and with better results.

Innovation is the responsibility of and coordinated internally by the research department, which has grown over the last seven years from fewer than 10 people to 155. The departments of Development & Engineering (employing about 3,500 people) and Industrial & Engineering, (comprising circa 300 people) are in charge of implementing product innovation.

We work closely with our suppliers on innovation and expect our suppliers to realize their own responsibility for innovation, rather than simply delivering machine parts according to our specifications. This way of working is guided by our 'value sourcing' strategy (see section 'Sustainable suppliers' in chapter 'Engaging our stakeholders'). While

around half of our R&D budget is spent on products and services provided by suppliers, our suppliers also contribute to innovation initiatives.

### ***Partnerships with universities, peers and suppliers***

We are involved in a number of partnerships with universities, institutions and companies globally to help further develop technology that is relevant to the semiconductor industry. In the Netherlands, we are working with the technical universities of Eindhoven, Delft and Twente, research institutes FOM and TNO, and Dutch consumer electronics manufacturer Philips. One of the topics we are focusing on is improving extreme ultraviolet lithography techniques. In Russia, we are working with the Institute for Spectroscopy Russian Academy of Sciences (ISAN) on measurement technologies relevant to our EUV lithography. In China, we are collaborating with Tsinghua University on ways to improve micro electro-mechanical systems, which are used in applications such as airbags, insulin pumps for diabetics, and in our chip-making machines.

Our work with universities and institutions can take several forms. We may bring in students to help us resolve issues in our production process, or co-finance their long-term research programs. We believe that strengthening the technological knowledge in regions where we operate, and elsewhere, serves the interests of both our company and society.

We support FME, a network of Dutch high-tech companies, which has its regional headquarters in nearby Eindhoven. In addition, ASML is involved in national and international innovation initiatives, such as ENIAC, Marie Curie, MicroNed, NanoNext and Xtreme Motion.

### ***Partnerships with governments***

ASML has been working closely with the Dutch government over the past few years to help it develop policies to promote and facilitate technological innovation. We were, for instance, asked to advise the government on implementing a new R&D policy that offers financial perks – through tax breaks – in return for investment in R&D. We also advised the government on ways to attract leading people from abroad to the Dutch technology sector, for example, by making it easier to get a work permit.

We also helped develop and implement the European Union's Joint Technology Initiatives. Launched by the European Commission to enhance the EU's competitiveness and economic growth, the initiatives support common ambitious research agendas. The EC consulted ASML on ways to promote technological R&D on several occasions in 2012. ASML also supports the European Eureka program, an initiative to promote innovation.

## **Managing and reducing hazardous substances**

ASML seeks to reduce the use of hazardous substances in its production processes and in the machines it sells and ships to customers.

### **Reducing chemicals and hazardous materials in our operations**

To build our systems, we mainly use non-hazardous materials, such as metals, glass and modest amounts of plastics and wiring. We test machines by processing wafers, using various chemicals for coating and developing. Our systems use extra clean dry air (XCDA) and inert gases such as nitrogen, xenon, neon and helium for rinsing and conditioning and hydrogen for cleaning. We monitor the use of all these gases and chemicals on a daily basis.

We manage the introduction of all new substances through our chemicals evaluation process. This consists of a database containing information on hazardous substances and national and international legislation, as well as an overview of the hazardous substances used at specific ASML locations. No substance may be used without the explicit permission of the EHS&S department and guidance on safe use.

In 2012, about 200 (2011: 175) new chemical requests were made. About 30 of these were rejected mainly because of presence of components on the ASML restricted materials lists. For example CMR (carcinogenic, mutagenic and/or reprotoxic) components are banished at ASML.

As we increase our use of cleanroom manufacturing facilities, our consumption of several gases has grown. To cater for this, we are now supplying these gases from a centralized location (the gas yard) at our premises in Veldhoven. This gas



yard will be enlarged in the coming years. In preparation, all required permits have been applied for and granted and our emergency response plan has been updated. Also, reservations have been made to install hydrogen generation systems.

Centralizing these gases has reduced the need for storage and localized delivery of gas bottles to different areas of the campus, and at the same time decreased transport movements.

Nitrogen is generated in the gas yard. Hydrogen, nitrogen and other specific gases are stored and distributed from there to the cleanrooms.

We use hydrogen when testing our chip-making machines in our cleanrooms. To make sure we handle this substance safely, our Safety Review Board has evaluated all relevant installations, procedures and measurements. We updated our emergency response master plans and procedures in 2011. The Safety Review Board (SRB) developed a secure protocol for the use of this hazardous gas. No hydrogen can be used unless the board has confirmed all safety requirements have been met.

### **Complying with legislation on hazardous substances and substances of very high concern in our products**

We have monitored international legislation regarding the use of hazardous materials for many years and have taken steps to cut back on our use of these substances in our products. We are a member of SEMI, the global association for the micro- and nano-electronics industries, which also engages local and national governments and policy makers, and helps our industry incorporate sustainability requirements.

The Reduction of Hazardous Substances (RoHS) directive and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) directive, both issued by the European Union, set out the most important international legislation for the semiconductor industry on hazardous substances (RoHS) and on substances of very high concern (REACH), not just in Europe, but also increasingly around the world.

Introduced in 2003, RoHS seeks to reduce the use of six substances, including lead, mercury and chrome VI. REACH, introduced in December 2010, requires companies to tell their clients if their products contain any so-called substances of very high concern above a concentration of 0.1%.

In July 2011, a revised version of RoHS came into force. The products ASML manufactures belong to the so called 'large scale industrial stationary tools' category and before the revision of RoHS were exempted from the directive until 2017. After the revision, our products are excluded from RoHS, meaning the directive no longer applies to our ASML machines. Nevertheless, it is ASML's RoHS policy to restrict the use of hazardous substances.

In 2011, we set up a RoHS-REACH project (5 FTEs) to identify and contain all hazardous substances and substances of very high concern in our products, and embed RoHS and REACH in our processes. This includes parts designed by ASML as well as parts designed by our 750 suppliers. The replacement of non-compliant machine parts also falls in the scope of this project.

In 2012, as part of this project, we assessed more than 125,000 parts with respect to hazardous substances and substances of very high concern. As a result we state that to the best of our knowledge our machines and service parts, including packaging, currently do not contain any substances of very high concern above the legal threshold. ASML machines contain a limited number of non-RoHS compliant parts only. We aim to replace these parts with RoHS compliant alternatives by 2015.

As planned, the RoHS and REACH guidelines are embedded in our processes.

## Engaging our stakeholders

ASML's success depends on close cooperation and alignment with our key stakeholders. We are able to achieve our business goals by engaging with these stakeholders – employees, customers, suppliers and wider society.

We seek to promote a sustainable culture for our employees. This means we strive to provide a working environment that inspires our skilled work force and respects their cultural and individual differences, enabling them to work to the best of their abilities. Recruiting and retaining highly educated and skilled employees is crucial to ASML's business and future success.

ASML is putting ample effort into creating a more sustainable value chain, intensifying our cooperation with suppliers and customers. We work closely with our suppliers to ensure that they contribute to innovation and to enable them to meet our sustainability criteria. Enhancing awareness of sustainability among suppliers was one of our top priorities in 2012. We made significant steps towards achieving this objective.

In order to provide our customers with the best possible products and services, we talk to them continuously to understand what they need. We aim to build long-term relationships by supplying customers with the right products at the right time, and providing them with excellent service. In 2012, we stepped up our cooperation with three of our key customers and launched the customer co-investment program, aimed at accelerating R&D of EUV technology and 450mm wafers.

ASML cares for the local communities in which it operates. We run projects to support schools and educational initiatives in these communities and dozens of our employees volunteer to participate in community activities.

## Employees

At ASML we attract and value professionals who can create and deliver products and services that meet customer requirements. We do this by developing their skills, by ensuring their long-term employability, and by providing inspirational leadership in a safe, sustainable and interactive environment.

We strongly believe that being a leader in sustainability makes us an even more attractive employer and helps us recruit and retain the talented people we need to be successful. In our experience, today's scientists and engineers are motivated not only by opportunities to work in a high-end R&D environment, but also by the chance to make a meaningful contribution to creating a sustainable world.

Key performance indicator	2009	2010	2011	2012
<b>Culture</b>				
Employee attrition (%)	8.5	5.6	4.2	3.3
Absenteeism Europe (%) <sup>1</sup>	3.0	3.1	3.1	3.3
Absenteeism USA (%)	2.7	2.3	2.3	1.6
Absenteeism Asia (%) <sup>2</sup>	0.5	0.5	0.7	0.3
Workforce by gender (men/women in %)	89 / 11	90 / 10	89 / 11	89 / 11
Non product-related training hours per payroll FTE	7	11	19	16
Total donations to community and charitable organizations (x1000 EUR)	645	669	977	1,204

1 The figures until 2011 only include Dutch employees. As from 2012, all European time-registering employees are taken into account; We also adjusted the way we calculate our illness figures in 2012 to ensure alignment with the GRI standard. Figures for previous years have been adjusted accordingly (retroactively) in this report.

2 In some countries, such as Japan, sick leave is regarded as annual leave, so illness-related absenteeism is recorded as 0%.

## Goals

Developing and retaining our talented and highly skilled professionals is one of the top priorities guiding our HR strategy.

This strategy, which forms the basis of our HR policy and approaches, was reviewed in 2012, resulting in a new Global People Strategy Framework. This provides guidance and structure to our HR activities and consists of the following six elements:

- **Staffing:** We establish all activities related to the strategic workforce planning, connected to ASML's customers' roadmaps, and based on the diversity of our workforce in all its aspects (e.g. age, gender, cultural background, life stage). When staffing our teams we ensure we have the right person in the right place at the right time.
- **Development:** We ensure that the current and future capabilities required to enable ASML's business strategy and long term employability of our people are identified and maintained. The aim is to allow mutually beneficial organizational and personal goals to be achieved.

- **Employability:** Employability in our company refers to a sustainable, social contract between ASML and its employees, in which the employees are stimulated to add value (in the short term as well as in the long term) inside the company (or eventually outside the company), by developing themselves in an environment that corresponds with their ambitions and talents.
- **Inspirational leadership:** Our leaders have the right intent and inspirational capability to engage people beyond the level of normal contribution.
- **Physical work environment:** We ensure that our employees and other relevant stakeholders are provided with optimal opportunities to travel safely and have an effective workplace at an ASML office location.
- **Community involvement:** We enable employees to contribute to wider society and increase employee awareness in the area of sustainability (see section 'Society' in current chapter).

### Our workforce

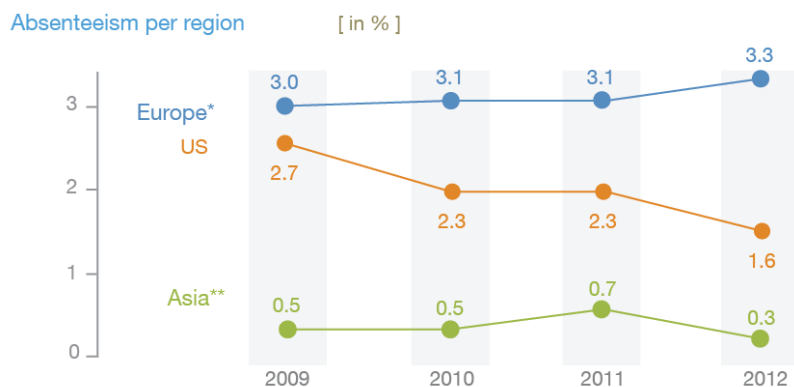
At year-end 2012, our workforce totaled 10,561 employees (in full time equivalents, or FTEs), increased by 671 FTEs compared to 2011, as a result of production growth.

Of our total workforce, 8,424 FTEs worked under a fixed contract and 2,137 FTEs were employed under a flexible contract.

Culture general indicators	2009	2010	2011	2012
Number of payroll employees in FTEs	6,548	7,184	7,955	8,424
Number of temporary employees in FTEs	1,137	2,061	1,935	2,137
Total number of employees in FTEs	7,685	9,245	9,890	10,561
Workforce by gender (men/women in %)	89 / 11	90 / 10	89 / 11	89 / 11

Demand in the semiconductor industry strongly fluctuates according to global economic cycles. ASML's HR policy is geared towards this market characteristic. Our employment 'flex model' allows a maximum of 25% of employees to work under a flexible contract, which provides sufficient flexibility to respond to economic downturns while safeguarding the continuity of the company in the long term.

Our Global People Strategy aims to manage, and where possible reduce, our employee attrition and absenteeism<sup>78</sup>.



For more employee indicators, including a break down of FTE per region, please see section 'Other HR indicators' in the 'Appendix'.

7) The absenteeism figures until 2011 only include Dutch employees. As from 2012, all European time-registering employees are taken into account; We also adjusted the way we calculate our illness figures in 2012 to ensure alignment with the GRI standard. Figures for previous years have been adjusted accordingly (retroactively) in this report.

8) In some countries, such as Japan, sick leave is regarded as annual leave, so illness-related absenteeism is recorded as 0%.

## **Staffing**

Having the right people in the right place at the right time is a guiding principle of ASML's 'Global People Strategy', our HR roadmap.

Attracting highly skilled employees is a major priority. ASML's co-investment program (see also section 'Co-investment program' in current chapter), launched in 2012 to accelerate the development of our newest generations of chip making technology, represents an additional challenge as it requires the recruitment of even more professionals. We estimate an additional 1,000 to 1,200 high skilled employees are needed to support this program. We work closely with our customers and suppliers to assess to what extent this additional expert workforce should be hired by ASML or whether it may be more efficient to have some positions filled at our customers' or suppliers' businesses.

We attract employees through multiple recruitment channels, such as recruitment advertising and search and selection agencies. We also use our internal referral program, which has proved very effective. For every referral hired, ASML donates one laptop to a child in Africa. In 2012, we donated 134 laptops.

We help trigger interest in technology among youth and offer internships and scholarships to students. We closely cooperate with top universities to help develop the talent we need at our company and seek to proactively spot and attract our next generation of talent worldwide.

### ***Advocating the high-tech professions***

To inspire young people to study technology, ASMLco-organized the first Dutch Technology Week in 2012. On Saturday, June 2, During the Dutch Technology Week, a High Tech Discovery Route was organized in the Eindhoven region, in which ASML participated with a large event on the ASML campus in Veldhoven. In total an area of about 1300 m<sup>2</sup> was transformed into what can best be described as a science fair. More than 40 activities were set up, including activities for very young children and also for everybody who is interested in technology. A number of our suppliers, as well as various technology promotion organizations in the area, voluntarily participated in the event. Various science shows were also held in our auditorium. We welcomed more than 1500 visitors who had a wonderful day filled with fun and technology. Board member Frits van Hout led the event, which triggered intense exchanges about technology via social media, with 67,000 Dutch users sending or receiving tweets about the event.

As a member of Jet Net (Youth and Technology Network Netherlands), a national organization backed by the Dutch government, ASML has a partnership with two regional high schools in the Eindhoven area. Together we organize workshops, guest speakers and events.

Other initiatives we supported in 2012 to enhance interest in technology include:

- We hosted visits to our Veldhoven plant for 1200 students, ranging in age from 11 to 18 years, and organized technology workshops for Dutch teachers.
- A team of 26 volunteers from our office in Tempe, Arizona, which has a partnership with local schools, gave lessons on technology at least once each quarter, reaching approximately 1400 children. About 250 children visited the Tempe office to attend technology workshops.
- We participated in the third edition of the High Tech Room program, an Eindhoven city initiative to enable high-potential high school students to join technology projects and visit high-tech companies.
- ASML supports the European Union's 'Photonics Explorer' initiative which provides secondary schools with up-to-date and accessible information about the latest light technology.
- We are involved in the Regional Center of Excellence (RCE) Rhine-Meuse program, an United Nations University initiative offering sustainable development education to Dutch schools, in cooperation with Jet Net. Both our Dutch partner schools are participating in the program.
- As a member of Brainport Development, a network of technology companies in the Eindhoven area supported by educational institutions and local and national governments, ASML supports plans to attract some of the world's best technology talent to the region and promote cooperation between the educational sector and the technology industry.

- ASML participated in the Bizworld program and a debating contest. In the Bizworld program, children aged 11 to 13 'run' their own businesses. Six ASML employees, mainly from finance and administration, gave presentations and guided the children through the process. ASML also hosted an annual debating contest on technology and society for several high schools. This debating contest is part of a national competition, in which one of our board members is chairman of the jury. ASML Netherlands BV organized an in-house day for technical students on November 22, 2012. We offered 100 students who recently graduated or who will graduate in the near future, the possibility to get to know ASML.



Some of our educational activities are conducted under the umbrella of our community involvement programs (also see the 'Society' section in the current chapter).

## Internships

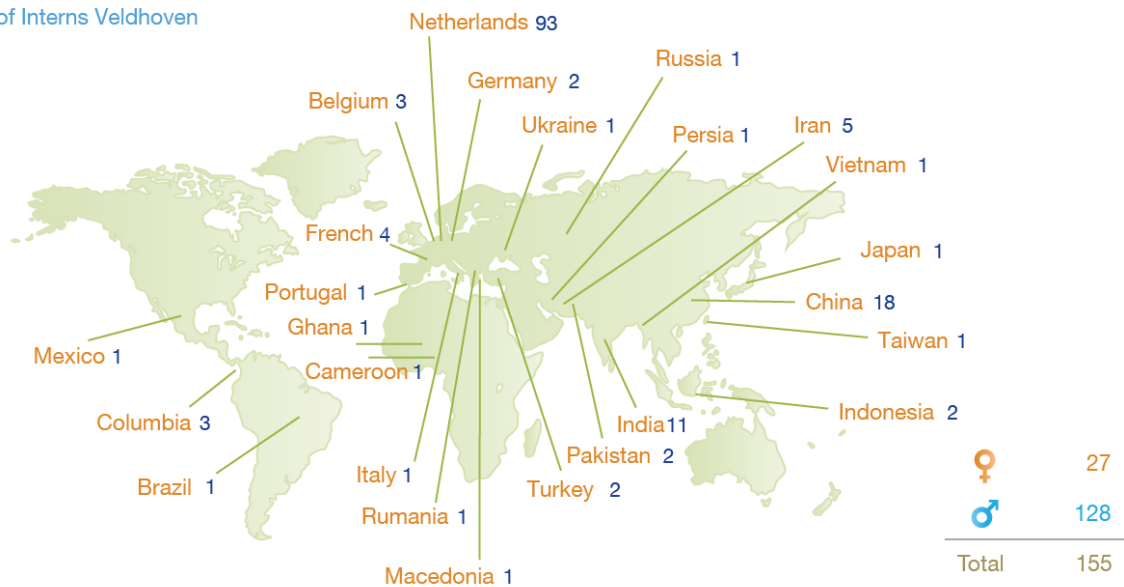
ASML hosted 155 interns in Veldhoven in 2012, up from 146 in 2011. Most interns are university master students (67%), who do an apprenticeship or graduation assignment at ASML. About 6% of interns are vocational level students interested in gaining experience in assembling chip-making machines or making machine parts in our mechanical or electrical model shops. Internships last from three to twelve months.

The offices of ASML in the USA hosted 26 interns in 2012, 15 of which are relatives of ASML employees. Most of these interns (18) worked at the office in Wilton (CT).

ASML Asia hosted 12 interns in 2012, of which five in Taiwan, one in China and four in Japan. The four Japanese interns made a two week visit in September 2012 to ASML Netherlands as part of their training. This trip was completely paid for by ASML.

The interns in Veldhoven are recruited worldwide through our network of affiliated educational institutes and research institutions, as well as directly through recruitment advertising. Slightly more than half of the interns we hosted in 2012 came from the Netherlands. Other countries strongly represented were China, India and Iran, as well as European countries such as France, Portugal and Romania. Approximately 9.5% of the interns study at an education institute outside of the Netherlands.

Origin of Interns Veldhoven



In 2012, 10% of our interns accepted a job at ASML immediately after their internship and six people were hired from our 2011 pool of interns. Around 55% returned to university after their internship to finish their studies and 20% began a new study or PhD.

## Scholarships

Our Henk Bodt Scholarship aims to attract talented foreign students. Named after a former chairman of our Supervisory Board, the program offers up to 20 scholarships annually in cooperation with the Technical University of Eindhoven, the University of Twente and the Technical University of Delft.

In 2012, we granted scholarships to two students, who started their programs in September 2012. These students were chosen via a selection process to assess whether they were suited to a future job at ASML and. Six scholarship students who entered the program in 2011 continued their internships in 2012, during their second academic year. We hired ten engineers from the 16 students who graduated in 2012, and one started a PhD program at TU Eindhoven. One student who had entered the scholarship program in 2010 will graduate in 2013 and the scholarship of another student who began in 2010 was ended.

Managers of our business departments act as mentors, supporting scholarship students in their technical, professional and personal development. Alongside the mentors, a trainer and coordinator are assigned to facilitate and steer the

students' professional and personal development. For example, scholars receive training on topics such as project management, communication and teamwork. They are also required to write a personal development plan.

The majority of our 2012 interns and scholars were assigned to our Development and Engineering department.

### Origin of Scholars Veldhoven



Total 26

### Supporting diversity

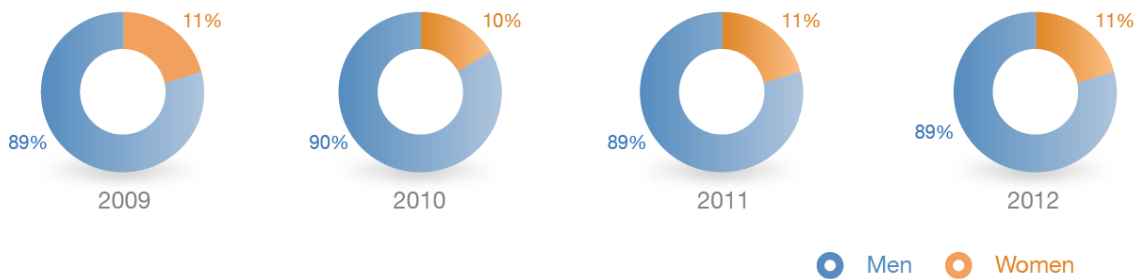
ASML promotes diversity among its workforce. We aim to offer a fulfilling work environment for talented men and women from all backgrounds. We believe this type of environment encourages different ways of thinking, enhancing creativity and innovation.

Number of nationalities working for ASML	2009	2010	2011	2012
Asia	20	19	20	21
Europe	46	54	65	66
USA	20	20	22	33
Total	53	60	71	72

We follow an equal opportunities policy for recruitment, hiring, training, performance, assessment, promotion and remuneration, and do not discriminate on the grounds of race, gender, age, religion, political orientation, nationality or social status.

### Workforce by gender

[ in % ]



Our workforce, which is spread over seven countries, includes 72 nationalities. Women made up 11% of our workforce in 2012 (2011: 11%). The Product & Technology cluster (approx 4,000 employees) became more diverse in 2012: out of 357

employees hired in 2012 (mostly for positions based in the Netherlands), 152 were non-Dutch, and 49 were women. For a breakdown of our workforce by gender, see also the section 'Other HR indicators' in the 'Appendix'.

Although there are some minor regional differences, women are generally under-represented in hi-tech industries around the world. We take our responsibility as a leading player in the technology industry seriously and support initiatives to interest more women in pursuing careers in technology.

### ***Development***

We stimulate our employees to develop their skills and competencies so they can meet the requirements of their job and pursue their personal goals, which also helps ASML achieve its business goals.

We provide career path overviews for our employees which describe the skills they need to be successful in their current role, and the skills and competencies they need to develop to move to a higher level, or to a job in a different department.

Career path overviews can be accessed via our online Career Tracker tool and were made available for all staff in 2012 (2011: 95%). The overviews describe the skills required for approximately 735 different positions and help employees and their managers to make a personal Development Action Plan. Such a plan may include training in a new area of technology or in customer service, support from a coach or mentor, or on-the-job training in new fields. Our online Career Tracker tool lets employees browse through available training programs to support their development. In 2012 around 70% of employees made and began implementing a Development Action Plan (DAP), up from 25% in 2011. In 2013, we will further develop and improve existing DAPs, by ensuring plans are specific, concrete and measurable ('smart') and cover the broad range of learning interventions to develop employees' competencies and employability effectively ('blended learning').

Together with a global preferred supplier we offer a generic curriculum, containing a set of 20 global programs to help staff improve their 'soft skills' in the areas of communication, personal effectiveness, presentation skills, performance management, leadership, change management and project leadership. These non-technical training programs are offered as open enrollment courses for the target group of employees up to middle management, including flex employees.

In 2011, about 3,200 employees worldwide received training through our generic curriculum programs. Around 2,200 of these followed the 'Drive your own development' program, supporting the development of their individual DAPs. In 2012, a group of about 200 employees who had not yet made a DAP attended this program. We increased the number of employees following one or more of the other 19 generic programs from about 1,000 in 2011 to approximately 1,750 in 2012.



## ***Employability***

'Employability' within our company refers to a sustainable, social contract between ASML and its employees, in which the employees are stimulated to add value (in the short term as well as in the long term) inside the company (or eventually outside the company), by developing themselves in an environment that corresponds with their ambitions and talents. In the process, we enhance employee's motivation, engagement and performance and their value to the company.

We help develop employees' competencies through our generic curriculum programs (see section 'Development' in current chapter).

## ***Preventive policies***

Since our workforce is gradually aging and regulatory changes are leading to later retirement, ASML is increasingly focusing on sustainable employability. We need to ensure that our people are healthy, motivated and productive, now and in the future. In 2012 IVA, an external organization specialized in employability studies, liaised with the University of Tilburg to conduct an intensive study with the shift workers in our factories in Veldhoven. The outcome provided clear direction on how ASML can progress on this topic, defining a series of action points that will be implemented in 2013.

For example, ASML wants to focus on preventive policies regarding long term performance management, and keep motivation high and productivity up to standard. However, for the short term we deployed a transition policy covering certain higher risk employee groups, who work in shifts and would benefit less from the preventive actions given their age.

Alongside this we are also developing a wide range of actions and policies to stimulate healthy behavior (eat, sleep, move). In early 2013 we will start 'Managing a shift work lifestyle' workshops to help support health in the workplace.

Management, HR&O and the Works Council are working in close cooperation to further clarify the employability roadmap for 2013 and beyond.

## ***Employee satisfaction***

As planned, we did not survey our employees in 2012. The next employee engagement survey will take place in Q1 2013.

## ***Vitality management***

In order to enhance not only the health and safety of our workforce but also their overall well-being, engagement, flexibility, continuity and productivity, we have created a new 'Vitality' program for 2013, headed by a newly appointed Vitality Manager. This will help employees deal with stress and maintain a healthy lifestyle, including facilitating their access to sports.

In 2012, we ran a pilot project to improve our absenteeism management process, aimed at decreasing illness and increasing employee satisfaction<sup>9</sup>. Targeting a group of 500 employees in Veldhoven, the project included an initiative to enhance the people management skills of our leaders and other initiatives to ensure more attention is paid to employees' needs and well-being. As the project met our expectations, we plan to implement it at all our facilities in Veldhoven in 2013.

Our 'Vitality' program for 2013 places prevention higher on the agenda. The program includes initiatives related to dealing with stress, lifestyle interventions<sup>10</sup>, health checks and facilitating sports participation.

## ***Employee engagement***

Motivated and engaged employees are critical to the success of any company. As such, our Employee Engagement program is at the heart of ASML. Driven by our Internal Communications team, it aims to connect our employees to each other and to ASML's goals and values. It also sets out to motivate and inspire our employees to drive success through innovation and to instill a sense of well-being, pride and community involvement. During 2012, the program connected with our employees through online and offline channels.

<sup>9</sup> As a side result of this project we concluded that for Veldhoven we did not take into account the part-time percentage nor the illness percentage of the employees, which led to higher absenteeism figures in the past. Therefore, in this report we restate the absenteeism figures of last year (see table 'Key performance indicators' in section 'Our sustainability strategy, targets and KPIs' in chapter 'Company key information').

<sup>10</sup> E.g. healthy food workshops, quit smoking courses and mind your body training.

We also focused on bridging the gap between our employees worldwide. We continued the roll-out of '@ASML', our corporate TV channel that began in the Veldhoven office in 2009. Now implemented in over 20 offices worldwide, the channel connects participating offices with both corporate and local information.

We have also introduced 'Connect', our Yammer-based internal employee network. Connect makes real-time communication, collaboration and sharing of knowledge between ASML employees worldwide easier and more efficient than ever before. Approximately 4,000 employees are now using it.

A number of successful initiatives have also been launched to driving employee engagement offline. At the start of 2012, we introduced 'Young ASML' – a platform that connects, develops and supports our young professionals through a wide range of social and professional development initiatives. In May, we organized the first 'Volunteer Fair', inviting a dozen local and regional charity/volunteer organizations to inform our employees about their activities and encourage them to volunteer. The fair was a success and is intended to become an annual event.



We have also boosted engagement by connecting employees more directly with our corporate sponsorship of sports and cultural institutions, boosting awareness and opportunities for inclusion. Examples of this include an agreement with Marathon Eindhoven to organize professional running training for our employees, and a partnership with the Muziekgebouw Eindhoven concert hall, which includes music events on the ASML campus and a year-long ticket discount program for all employees (also see section 'Community involvement' in chapter 'Society').

This year marked the birth of a platform that connects, develops and supports young professionals within the company through social and professional initiatives. The platform focuses on employees under the age of 36, but events are open to all ASML employees. Kick started and sponsored by our Internal Communications team, the first Young ASML board was created in January 2012.

Over the course of 2012, Young ASML staged 15 events. Highlights included professional development opportunities, such as excursions to other hi-tech companies in the Brainport region, as the Eindhoven area is often referred to. Skills workshops, a seminar series with inspirational speakers and social networking opportunities such as a Young ASML barbeque and sports competitions were all on offer. In addition to their own events, Young ASML played a crucial part in reaching students through several student outreach events over the course of the year.

The platform reached a milestone of 500 members in Q4 2012 and continues to grow.

### ***Inspirational leadership***

We want our managers to provide inspirational and motivational leadership and to develop skills enabling them to help our employees develop themselves, improve their performance and be successful. We provide the tools and processes to help managers achieve these objectives.

### ***Training managers***

Our Leadership Capability Program (LCP), developed in-house and targeting our top 700 managers, including the Board of Management, offers modules on personal development, structuring tasks and setting priorities, and communicating goals and intentions.

More than 300 senior managers completed the LCP in 2012. The program consists of five training days divided into two modules for each manager. We designed two special LCP programs for staff in our Finance and Sales departments.

In 2013 we plan to train the remaining 200 senior managers and will design and deliver a LCP for project managers.

HR staff received additional training on facilitation skills to support the implementation of ASML's leadership principles.

### ***Physical work environment***

At ASML we ensure that our employees can work in a safe and appealing environment that enhances their well-being and performance. We strive to make our production sites and offices places where people can work, share, meet and learn in a sustainable environment. We offer our employees the opportunity to help them strike a good work-life balance.

### ***A new way of working: The Lab***

In 2012, we launched a pilot project at our Veldhoven site to introduce new ways of working: The Lab. We created 32 flexible work stations for 45 business process engineers, using environmentally friendly office equipment designed for this purpose. The equipment is mainly made of degradable natural materials. We also introduced Light-emitting diode (LED) lighting that saves 25% energy compared to other office lighting sources at ASML.

By introducing the flexible work area at The Lab, we increased the efficiency of this office space and created an inspiring working environment for staff. We intend to expand the project and introduce several hundreds of flexible work spots at two other offices in Veldhoven in 2013. We will conduct surveys allowing us to measure the impact flexible work on employee satisfaction and productivity.

### ***Green campus***

We continued refurbishing our campus in Veldhoven, to make it greener and create safer and quieter spaces where employees can spend time outdoors. We reduced traffic at the heart of the campus, replacing car parking spaces with parking lots for bicycles, and green zones where employees can sit and interact with colleagues. Car traffic and parking were transferred to the periphery of the campus. To improve logistical efficiency on campus we plan to invest in the refurbishment of the logistics building, which will divert part of suppliers' transport to outside the campus.

### ***Flexible 'hours bank'***

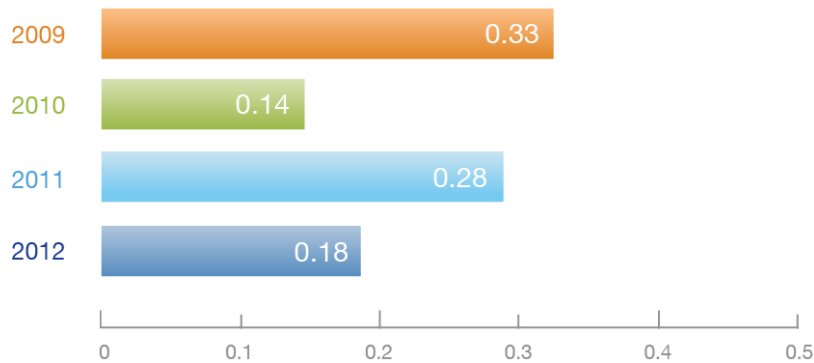
Our flexible working model, introduced in 2011 in Veldhoven, allows employees to balance their workload during upturns and downturns. The model features an 'hours bank' that keeps track of extra hours worked during periods of peak production. Employees can bank up to 600 hours and use them during quieter times. In a similar way, they can work up to 600 fewer hours per year and make up for this later during peak periods. The normal work schedule is 34 hours a week. Employees have to work 42.5 hours during peak times but in times of low customer demand, these 34 hours can be reduced. The model gives us the flexibility we need for our production cycles and gives our employees more job security because we can keep them on the payroll during quieter periods. It is our ambition to extend this kind of flexibility to all employees, including contracted employees, to guarantee income and employment to all.

## Health and safety

ASML considers it a moral obligation to do everything in our power to provide safe and healthy working conditions for our employees, customers and suppliers. This means ensuring our operations are environmentally sound and that safety and security are maintained at our production sites.

Among the major safety risks at ASML is the risk of injury while working with ASML heavy lithography equipment, which is developed and assembled in relatively small cabins. Our NXE machine, for instance, weighs 27 tons and is 3.2 meters high. Assembling it is a complex process that requires utmost care to minimize the risk of injury. We also work with hazardous substances during our manufacturing process, so our staff has to be familiar with the characteristics of these substances and take strict precautions. Laser technology is increasingly used in our machines and is another aspect requiring safety precautions.

### Lost time accident rate



The fast pace of innovation, the complexity of our equipment and the fact that our machines are not mass products make it hard to adopt standard safety procedures in our manufacturing process. This means our safety approach centers on raising awareness and promoting the alertness of each individual working for or on behalf of ASML.

### Goals 2012

- Centralize environmental, health, safety and security management under a newly-appointed EHS&S manager.
- Reduce the number of lost time accidents (LTAs) by 15% versus previous year.

### EHS&S activities in 2012

We appointed a new EHS&S manager as of March 1, 2012, who is responsible for all environmental, health, safety and security issues across ASML. He will focus on enhancing the safety of staff and environmental performance at ASML production sites as well as at customer locations or during travel.

The LTA rate in 2012 was 0.18, down from 0.28 in 2011. Ultimately, we aim to have zero lost time accidents. For that reason we do not set yearly targets on the number of lost time accidents, but have a year-on-year improvement goal of 15%. We seek to achieve safety improvements through our safety master plan.

We have a company-wide online incident reporting tool available to all employees. All incidents such as safety incidents, large material damage and environmental incidents are reported with the help of this incident reporting tool. Incidents involving injury leading to absence (LTAs) are reported to the COO within 24 hours and an analysis of the initial root cause should be completed within two weeks.

We centralized our EHS&S organization to streamline the activities of our EHS&S departments in Veldhoven, Linkou, Wilton and customer service locations worldwide.

One of the first tasks of the EHS&S manager was to make a EHS&S master plan, consisting of several programs, which we began implementing in 2012. Regional EHS&S coordinators were appointed in our Customer Service department, who ensure our EHS&S standards are met by ASML staff working at customer sites.

The EHS&S roadmap included a pilot safety awareness program to create a company culture that places safety high on the agenda. This 'Zeta Zero' program was launched in October and completed by year-end 2012. It comprised a survey carried out among staff at our Twinscan and EUV factories, interviews with senior management, including the board

member responsible for EHS&S, as well as 'leadership coaching' to enhance the safety awareness of managers. Results of the pilot program were used to make plans and set targets for further safety awareness programs to be introduced across ASML in 2013.

Other initiatives in the EHS&S master plan introduced in 2012 included:

- Conducting a 'gap analyses' of our health and safety management system to assess what still needed to be done to make improvements in line with OHSAS 18001 – the internationally-accepted occupational health and safety standard guidelines. We expect to launch one or more projects in 2013 to make the required adjustments;
- Introducing an electronic 'permit to work' system at our production site in Veldhoven, which enables us to keep track of all contractors working there and explains the guidelines they must adhere to as stated in their permit;
- Updating the security system controlling entry into our buildings and introducing new ID badges that clearly show whether the person is an employee, a contractor or a visitor. The new system was implemented in Veldhoven. We will introduce new ID badges at all other ASML sites in 2013; and
- Using an environmentally-friendly electric car in our security surveillance operations at the Veldhoven campus.

### ***Ongoing EHS&S activities***

Health and safety committees supervise health and safety initiatives at our manufacturing and development sites in Veldhoven, Linkou and Wilton.

Our SRB, established in 2009, deals with risks related to the use of hydrogen to rinse wafers produced by our new-generation NXE chip-making machines. It also supervises the use of carbon monoxide and fluorine in the latest generation chip-making systems. These substances can only be used if the SRB confirms all safety requirements have been met.

We implemented a separate SRB to monitor the application of laser technology at our production sites in 2012.

It is ASML policy to train all our employees on environmental, health and safety-related aspects via our online academy tool. All employees working on ASML premises have to complete the general Environmental Health and Safety (EHS) training. Additional specialized training is mandatory for entry into cleanrooms. In 2012, 1,984 employees completed our general EHS level 1 course and 1,639 employees did the specialized EHS training. The general EHS training also includes how to respond in case of emergencies such as fire and evacuation. Over 100 employees received specific emergency response training in first aid, evacuations and firefighting. These emergency response teams are designated to help employees during emergencies and are present at our manufacturing site in Veldhoven 24 hours per day, seven days per week. In 2012, we carried out several emergency drills with the fire brigade.

We introduced 'Tripod' training in 2012 to teach EHS coordinators how to research incidents. Fifteen coordinators, including our newly-appointed regional EHS coordinators, attended the training. Sixteen Dutch ASML staff finalized a specific safety course, allowing them to assess whether suppliers meet health, safety and environmental standards.

Internal auditors specialized in EHS training carry out audits of EHS management on a regular basis at all ASML locations, including the approximately 50 customer support and sales sites around the world.

Furthermore, specific work environments require dedicated training. ASML has specific trainings that integrate EHS aspects such as hoisting and lifting, magnetic safety, hazardous materials, hydrogen safety and lean manufacturing. Training figures and results for our Veldhoven site are registered in our training department's Learning Management System.

We have assigned area managers in Veldhoven, who are responsible for incident management and creating safe working conditions in specific areas of our manufacturing and development facilities.

Since June 2011, we organize quarterly safety workshops at ASML presided by a board member. Area managers and specialists from our Operations department evaluate the status of the LTAs and define actions for the next quarter. The workshops stimulate risk awareness and provide an opportunity to resolve and prevent accidents. The EHS&S manager submits improvement programs for approval to the safety workshop.

## Forging close ties with our customers

Our top priority is to provide our customers with the best possible products and services. We engage with them continuously to understand their needs, translating these needs into economically viable products and services that add value to their business. We aim to build long-term relationships by supplying our customers with the right products at the right time, and giving them excellent service.

We have customer centers around the world and offer various types of service labor contract support to offer our customers optimal performance from our systems. We also monitor and service systems online so we can respond to our customers quickly.

Our customers set increasingly ambitious sustainability requirements. We work closely with them to meet these requirements throughout the value chain.

Our account teams are at the center of our customer relationship management. They ensure we understand what our customers need and that these needs are met.

### Goals

Our goal is to be constantly aligned with our customers. Understanding their needs and knowing the issues they face from the earliest possible stage is crucial, helping us decide which new products or services to develop and how to best resolve problems our customers may face.

ASML's customer relationship management and customer feedback process are geared toward achieving these goals<sup>11</sup>.

### TSMC's Supplier Excellence Award 2012

For the fourth consecutive year ASML won the Taiwan Semiconductor Manufacturing Company's 'Supplier Excellence Award' for outstanding service. It is recognition of ASML's excellent overall performance as a supplier of lithography equipment to TSMC.

## Our customers

Our customers use our systems to produce computer chips. The majority are producers of 'logic' and memory chips. Logic chips are processors that control processes and help a computer or other electronic device run. Memory chips are used to store data. We also provide our systems to producers of specialized applications such as photonics and disk drive heads.

The world's biggest chip makers, and many of the smaller ones, have been our customers for years. In 2012, we derived 71% of net sales from Asia (2011: 66%), 24% from the United States (2011: 25%) and 5% from Europe (2011: 9%).

## Co-investment program

In 2012 we launched the customer co-investment program for innovation, bringing our close relationship with three of our biggest customers to a new level. Under this program, Intel, Samsung and TSMC agreed to contribute 1.38 billion euros to ASML's R&D of next-generation lithography techniques, such as advanced EUV lithography and 450mm wafer size machines, over the next five years. The three customers also became minority shareholders as part of the program, buying an aggregate 23% stake in ASML for 3.85 billion euros. Intel acquired 15% of shares, TSMC 5% and Samsung 3%. We returned the entire cash proceeds of the share issue to ASML's incumbent shareholders through a capital repayment and executed a synthetic share buy-back to compensate for the dilution of shares (also see the ASML-web page with more information on the co-investment and buy-back program).

Under the co-investment program, which was welcomed by analysts, investors and other stakeholders, we will accelerate the development of our EUV lithography technique and the introduction of 450 mm wafer machinery, needed to extend Moore's Law. Named after the co-founder of Intel, Moore's Law describes a trend where the number of transistors per chip doubles roughly every two years as features on the chips become smaller. Since its discovery in the 1960s, Moore's Law – which is more an empirical assessment than a genuine scientific law– has held true.

11) For information on how ASML works to meet its customers' needs and requirements by optimizing its operations, product design and cooperation with suppliers, see chapter 'Our sustainable operations and products' and section 'Sustainable suppliers' under the chapter 'Engaging our stakeholders'

ASML has played a pivotal role in this trend towards more energy-efficient and increasingly powerful electronics. The co-investment program ensures we can continue developing machines that can produce ever-tinier electronic circuits that use less energy and require a relatively lower amount of natural resources. Producing and selling chip-making machines that enable the production of increasingly energy efficient computer chips is crucial to our commitment to creating a sustainable value chain. We also seek to enhance the efficiency of our systems to reduce the energy used per chip produced (also see section: 'Investing in a lower carbon footprint' in chapter 'Our sustainable operations and products').

In late 2012 ASML and its customers/shareholders Intel, Samsung and TSMC gathered to discuss what steps would be taken under the co-investment program in 2013.

The co-investment program is expected to create about 1,200 new jobs, either at ASML, our customers or at our suppliers' businesses.

### *Listening to our customers*

#### **Customer relationship management**

To achieve our goal of being closely aligned and engaged with customers, we established – and continuously fine tune – a customer relationship management structure aimed at gaining and responding to customer feedback. Our field based account teams, who consist of Customer Support, Marketing, Account Management departments and Zone Quality Managers, are at the center of this structure. They are the eyes and ears of ASML, continuously interacting with customers to ascertain their needs and liaising with other ASML departments to ensure these needs are met. Guided by our 'customer intimacy program', the teams report to senior management on the key issues affecting our customer relationships as part of a formal customer intimacy and business alignment process. Account teams work with ASML's other departments – from quality to product design – to respond to customers' feedback.

ASML's executives, including our CEO and CFO, meet major clients on a regular basis. Technical review meetings between major customers and our Chief Technology Officer (CTO) and his team take place at least once a year. Future needs and technical roadmap alignment are on the agenda at each of these meetings.

Account teams and the Quality and Process Improvement (QPI) department receive and analyze customers' feedback and ensure that all relevant issues are dealt with as soon as possible. They also keep customers up to date on how ASML has responded to their feedback. Customer feedback is shared with those business departments relevant for a specific issue, including departments involved in developing new products and services, allowing them to take customers' wishes and requirements into account from the earliest stages of product and service development.

ASML's seven Zone Quality Managers collect customers' quality feedback on our systems' performance. They operate from locations across the world, to ensure they are close to our customers. In 2012 we had Zone Quality Managers in Europe, Japan, Korea, Singapore, Taiwan, China and two in the United States. The Zone Quality Managers pass on customers' comments and concerns to the QPI customer focus group, which develops a 'customer dashboard' for individual customers, aligns targets internally and makes sure relevant improvements are made. The dashboards contain customer quality indicators, allowing us to monitor and manage the performance of our products. Dashboards and targets are reviewed regularly; targets are typically changed every six months, as we seek to continuously improve our customer quality levels.

Our customer complaint team, which is part of the QPI-Customer focus group, manages complaints. This team works across all sectors within ASML that are relevant to a particular issue. It helps to find the root cause and ensures that structural product and process improvements are made whenever necessary to prevent issues from recurring.

#### **Measuring customer satisfaction**

Some of our customers provide us with score cards each quarter or every six months (depending on the size or activities of a customer), which provide insight into customer satisfaction levels. In addition to the customer generated score cards, we measure customer satisfaction through loyalty surveys. The surveys focus on our most active customers. The latest survey, conducted in Q4 2012, showed an increase in satisfaction to 76.53% from 73.24% in 2011. Using the survey feedback, the account teams create a customer agreed action plan for local issues.

In 2011, the customer loyalty survey identified several issues that could be resolved locally and three issues that we responded to with company-wide programs. These were launched in 2012 and continue in 2013. The topics include:

- a program to provide more information on the exact benefits and return on investment of certain commercially available system upgrades;
- a program aimed at greater transparency about the way we deal with issues; and
- a program to reduce our NXT downtime by increasing our NXT parts quality and additionally storing a greater number of NXT spare parts closer to customers' locations.

### VLSIresearch Customer Satisfaction Survey 2012

ASML was again ranked by customers as one of the 10 BEST chip-making equipment suppliers in VLSIresearch's annual customer satisfaction survey. VLSIresearch is an independent industry research firm and the score is based on a customer satisfaction survey. ASML's overall score rose to 8.07 in 2012 from 7.92 in 2011. ASML moved from fourth to second place overall in the category 'THE BEST Large Suppliers of Wafer Processing Equipment', due in part to the Technical Leadership score of 9.3, the highest rating for large suppliers.

### *Product safety and compliance*

The safety of our products and their compliance with legislation are aspects we take into account during their development. Safety measures are built into our systems from the earliest design stage. Where equipment hazards cannot be offset by design, we incorporate safeguards into the machine to ensure no single system failure or operator error can endanger the operator, facility or environment.

ASML's Product Safety department tracks all safety issues related to our machines. These are defined as product-related near-misses – incidents that cause material or environmental damage – or accidents causing injury<sup>12</sup>. Product-related safety issues (at ASML, supplier or customer sites) are analyzed to determine the root cause, and feedback is provided to prevent recurrence.

In 2012, four product safety issues were reported at client sites (2011:18). One issue involved a minor injury. No incident resulted in an LTA. In analyzing the cause of the incidents, we looked at the design of our systems, our way of working and other quality issues. Information on the overall LTA rate key performance indicator is also included in section 'Health and safety' in chapter 'Employees'.

To verify the safety and compliance of our machines, ASML performs a safety review using SEMI S2 Safety Guidelines for Semiconductor Manufacturing Equipment. All ASML machines have a SEMI S2 report available and several types, including the latest generation NXE 3100 machine, are fully SEMI S2 certified. The SEMI S2 reviews of our equipment are done by external assessors. These SEMI S2 reviews address chemical, radiation, electrical, physical, mechanical and environmental hazards, as well as fires, explosions, earthquake protection, ventilation, exhaust and ergonomics.

In 2012, external experts analyzed our latest generation EUV 3,300 machines to assess compliance with SEMI S2. The compliance report will be issued at the beginning of 2013.

<sup>12</sup> All product-related accidents involving ASML employees are also included in the overall ASML key performance indicators referring to accidents (see chapter 'Our sustainable operations and products').



## Sustainable suppliers

It is ASML's ambition to be recognized as an environmentally and socially responsible company. We seek to enhance awareness about sustainability among our suppliers and work closely with them to ensure they understand our customers and our sustainability standards and to help create a sustainable supply chain.

In 2012, we spent 3.2 billion euros on goods and services provided by approximately 700 product-related suppliers and approximately 3,750 non product-related suppliers around the world, compared with 3.9 billion euros in 2011. Product related suppliers deliver machine parts or technology that is required to manufacture the machines. Non product-related suppliers provide other services and products, such as fuel for generators or office supplies.

Most of our suppliers are located in Europe, representing 80% of our total spend, with 47% spent with Dutch suppliers. Maintaining a supply base close to our Veldhoven headquarters is key in the success of our innovation processes as this requires a continuous alignment between ASML and its suppliers on processes and design challenges.

Value chain target indicators	2009	2010	2011	2012	Target 2013
EICC compliancy ASML major suppliers <sup>1</sup>			87%	100%	100%

<sup>1</sup> Percentage of number of major suppliers (product related suppliers in the ASML TOP 80% spend of the previous year) that acknowledged the EICC code of conduct in the reporting period.

Sourcing spend 2012 per region (%)	Product-related	Non product-related	Total
Netherlands (%)	24%	23%	47%
Europe (excl. Netherlands) (%)	31%	2%	33%
North-America (%)	9%	4%	13%
Asia (%)	4%	3%	7%
Total (%)	68%	32%	

### Approach

It is our ambition to raise awareness about sustainability among our suppliers and to make meeting ASML's sustainability criteria a long-term pre-requisite for doing business with ASML. To realize this ambition ASML has defined sustainability criteria based on the Code of Conduct of the EICC (also see box out in current section). This code, which functions as our supplier sustainability code, provides guidelines for performance enhancement and compliance within four critical areas: labor ethics, health and safety, environment, and business ethics.

- We actively pursue the acknowledgment of this EICC code and compliance with our sustainability requirements by all our major<sup>13</sup> suppliers, regardless of where they are located. In 2012, 62 companies met our 'major supplier' definition. ASML has chosen to go beyond this EICC scope to also include a selection<sup>14</sup> of non-product related suppliers.
- To document our sustainability requirements for suppliers, ASML developed a rating method using a shorter version of the EICC self-assessment questionnaire. The rating method allowed us to measure and compare the level at which suppliers meet our sustainability requirements. The rating method uses a scale from 1 to 5, with 5 being the highest level of compliance. The minimum requirement for each of the four EICC Code of Conduct elements is defined as level 3.
- We choose our suppliers based on a 'supplier profile', which describes the requirements a supplier must meet in the following categories: quality, logistics, technology, and cost (QLTC). The sustainability criteria are included in these requirements. Suppliers that fail to meet our standards in any of the profile categories are strongly encouraged to take adequate measures. Not meeting our requirements (including on sustainability) will not lead to termination of the contract with such supplier, unless they fail to make efforts to achieve improvements over a longer period of time. Our supplier account teams help suppliers to anticipate and meet future requirements.
- The sustainability criteria are also an integral part of our 'Long Term Suppliers Agreements' (LTSA's) we close with key suppliers.
- We review and monitor the maturity level of the management systems our suppliers have in place to deal with the four areas of the EICC Code of Conduct. Therefore ASML has integrated the compliancy to our sustainability criteria in its supplier selection and qualification audit methodology (QLTC audits). We did this because we want to monitor and verify the sustainability performance of all suppliers we believe to be critical to our business. Supplier audits are part of our supplier management process and are the responsibility of the supplier audit team within the QPI department. Suppliers critical to our business are companies with whom we have a significant spend and whose

<sup>13</sup> Major suppliers are defined by the EICC as product-related suppliers who are within the top-ranking suppliers receiving 80% of the total amount of ASML purchase value.

<sup>14</sup> Non product-related suppliers' criteria for inclusion in our scope are: Annual spend > 1 million euros and chemical handler or logistic service provider or facility construction/maintenance work or cleanroom materials or activities performed in OECD-risk countries.

products are critical to the current and future functioning of our products. Companies in the scope of our auditing consist of approximately 200 business critical suppliers (including the 62 major suppliers). Those companies scoring lower than 3 (out of a maximum score of 5) on three or four of the four EICC sustainability elements are submitted to an additional assessment fully dedicated to sustainability aspects (also see below: ASML sustainability criteria for suppliers). Not meeting our sustainability criteria will result in an audit non-conformance report that requires corrective actions from our suppliers to close the gap. The audit frequency and scope varies per supplier. Suppliers who are critical to our business are audited at least once every two years.

*Target/goals and results 2012:*

- Target: 100% of our major suppliers will have acknowledged the EICC Code of Conduct by 2012 and performed a self assessment on their sustainability management system based on a framework provided by ASML
- Result: We met this target as 100% of our major suppliers have performed the self assessment and formally acknowledged the EICC Code of Conduct or made reference to an alternative code of conduct that addresses the EICC Code of Conduct elements
- Goal: All supplier QLTC-audits include auditing of sustainability criteria
- Result: From the population of about 200 business critical suppliers, we have executed 49 QLTC audits at supplier sites in 2012. Due to time constraints, only 43 of these audits included sustainability requirements compliancy. We did not identify any 'high sustainability risk suppliers' in 2012. The audits showed that several suppliers actually had a higher sustainability score than they assessed themselves. Only a few had been too lenient on themselves and saw their score reduced after the validation by the audit. Noncompliance: In line with our policy to be closely engaged with our suppliers, we identified 29 nonconformities (NCs) with our sustainability requirements among our suppliers. We identified exactly which sustainability criteria were not met and assessed what should be done to close these gaps. These suppliers developed action plans aimed at making improvements. The plans were reviewed and approved by our account teams. Some of these NCs concerned the management system that suppliers use to deal with all four elements of the EICC Code and others were specifically related to one of the four areas.
- Overall, the NCs were evenly spread over the four elements:
  - Labor and ethics related NCs mainly dealt with lack of process or lack of responsibility to deal with labor and ethics issues or complaints
  - Health and safety related NCs mainly concerned unsafe situations on the shop floors
  - Environmental-related NCs mainly concerned lack of waste or energy consumption reduction programs
  - To help our suppliers resolve NCs, we provided information on how we address certain issues internally at ASML, and made suggestions such as: holding in-depth discussions on which key performance indicators are relevant for a supplier, considering conducting safety training or implementing whistle-blower procedures.
  - No supplier contracts were terminated due to NCs

Identified sustainability NCs are treated equally as other types of NCs against our QLTC requirements and as such are registered in a central database called ASML Issue Resolution (AIR) that enables monitoring and securing closure of the identified NCs through proper implementation of risk mitigation plans by our suppliers in close cooperation with ASML.

- Goal: ASML gains full EICC membership by year-end 2012
- Result: ASML has performed an in-depth self-assessment on compliance with the EICC Code of Conduct and assessed itself and its main facilities as 'low-risk' according to the EICC rating mechanism. ASML has engaged its suppliers to deploy the EICC Code of Conduct. We are an active member of the EICC Task Force for Transparency in the Supply Chain and participate in weekly calls with the EICC's top 10 members focused on enhancing and standardizing sustainability reporting of supply chain management. ASML applied for full EICC membership in December 2012 which was formally acknowledge by the EICC per January 13, 2013.

*Enhancing sustainability awareness:*

- To increase awareness about sustainability among suppliers, we began distributing a 'Supply Chain Sustainability Newsletter'. This newsletter is sent to the about 200 business critical suppliers, providing information on our sustainability policy and giving updates on concrete steps taken over the previous months.
- As a follow-up of the training in 2010, we plan to hold refreshment training for our procurement account managers in 2013 on the EICC Code of Conduct sustainability requirements. We will include training on the requirements related to conflict minerals and human trafficking.
- ASML's Supplier Day, which took place in June in Veldhoven, was attended by a record number of more than 90 suppliers from around the globe. Our CEO informed suppliers about how ASML intends to realize its product roadmap and underlined the importance of promoting a sustainable value chain. In four separate workshops, ASML representatives entered into discussions with suppliers on topics such as technology innovation, logistics and virtual integration. The outcomes of the discussions were shared with all attending suppliers.

- We helped our key supplier Zeiss, which provides ASML with optical columns, to enhance awareness among its own suppliers about the importance of sustainability during Zeiss' suppliers day. We also assisted Zeiss in developing a methodology to measure its suppliers' sustainability performance.
- ASML was asked by Intel, one of our key customers and shareholders and a recognized leader in the semiconductor industry, to attend Intel's first Supplier Summit Day in Shanghai, which was exclusively dedicated to sustainability and attended by 75 of our main suppliers. (Also see section 'Stakeholder engagement' in chapter 'Company key information').

### ***Value sourcing and virtual integration***

Our relationship with suppliers is guided by our 'value sourcing' strategy, which focuses on creating and maintaining very close cooperation with suppliers. In many cases, we expect them to share part of the risk involved in developing and marketing new-generation lithography machines, rather than simply delivering the machine parts or services that we requested based on well-defined specifications. In return, we allow them to use technology that we have developed for other customers and market applications.

With many suppliers we go a step further, entering into a level of cooperation that we call 'virtual integration'. Virtual integration is a form of open and trusted collaboration, where ASML and suppliers share their competencies and processes, with the aim of working as one enterprise. This means bringing together partners from different parts of the value chain, and from different countries, and encouraging them to share knowledge and insights so that we can all innovate better and faster.

Sustainability is an integral part of value sourcing and virtual integration, both of which have become even more important as a result of the co-investment program launched in 2012, and also because of the announced acquisition of Cymer, expected to materialize in the course of 2013. Our goal to accelerate the development of EUV technology requires extra efforts from us and our suppliers.

### ***Addressing conflict minerals***

In August 2012, the US Securities and Exchange Commission (SEC) of the New York Stock Exchange (NYSE) adopted a rule mandated by the US Dodd-Frank Act. This requires companies to publicly disclose their use of 'conflict minerals' that originate from the Democratic Republic of the Congo (DRC) or an adjoining country. These include minerals mined in conditions of armed conflict and human rights abuses. Four minerals are identified as potentially mined in such regions: gold, tantalum, tungsten and coltan.

ASML had anticipated the introduction of the rule, which was proposed to the SEC in late 2010, and shortly after its adoption by the SEC in 2012, we launched the 'conflict-free minerals at ASML' project. This set our aim to ensure full compliance with the SEC regulation. The project has been designed partly based on consultations with customers and peers such as Intel and Philips.

The main challenge for ASML is that a vast majority of our product parts are delivered by suppliers, which do not have a direct relationship to mines or smelters. This means we need to investigate several layers in our supply chain to assess whether conflict minerals are present in our products or not.

Various ASML departments are involved in the execution of the conflict-free minerals project. The main ones are Sourcing, QPI, Development & Engineering, Legal, Risk & Assurance, & Finance. We estimate the full execution of the project will take about three years. We expect that these conflict mineral due diligence efforts will also result in knowledge and insights that will help us to increase transparency and traceability of substances in our supply chain and allow us to more efficiently manage requirements of any future regulations in this area.

## **Society**

### ***ASML Foundation***

We set up ASML Foundation in 2001 as an organization under Dutch law. Though closely linked to our company, it operates independently. It focuses on improving the economic and social self-reliance of targeted groups, mainly children, by supporting educational projects around the world. The ASML Foundation is our charity of choice.

In 2012, we contributed 300,000 euros to the foundation. This was the third term of our commitment to contribute such an amount each year from 2010-2014, enabling ASML Foundation to maintain its funds at an adequate level. We also supported the foundation in kind by employing its director, among others, and sitting on its supervisory board.

ASML Foundation aims to spend 700,000 euros on donations each year and in 2012 we met this target. We focus on achieving long-term results through our community involvement.

In 2012, ASML Foundation supported 38 educational projects in 26 countries, including China, India, the Netherlands, Ireland and Paraguay. Most projects focus on enabling children, who would otherwise have no access to education, to attend school. ASML Foundation also focuses on vocational training projects for youth and young adults. The foundation closely monitors the projects it supports. All project supervisors must provide regular updates as well as final evaluation reports on the results realized.

### ***Community involvement***

ASML is involved in the communities where we operate by organizing local activities, education projects, volunteering and sponsoring.

We have always been firmly rooted in our local communities through sponsoring and volunteering activities. Since 2008, our community relations program is part of our sustainability strategy and helps us implement our sustainability goals.

## Objectives

The objectives of our community involvement programs are:

- Improving technical education and awareness among schoolchildren and students
- Helping to provide an inspiring and attractive environment for our employees and families to live and work
- Strengthening social structures

To develop and execute the community programs we continuously talk to our stakeholders, including employees, public authorities, schools and cultural institutions. We identify causes that benefit the community, ASML and our employees.

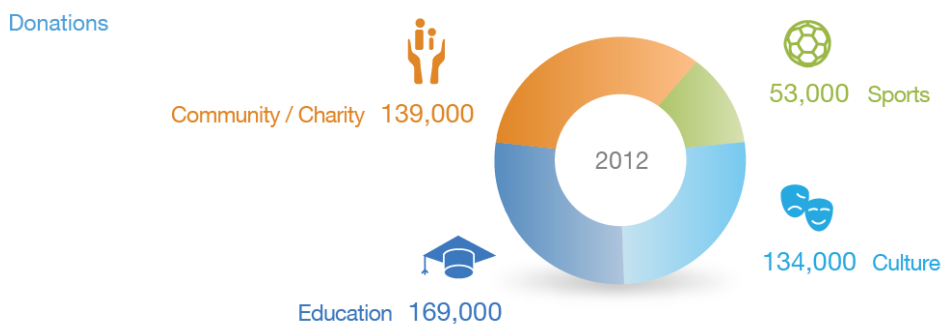
Our global community involvement strategy falls under the remit of our CFO, and is coordinated by our Communications department. A community involvement office provides a central framework for setting targets, selecting projects and defining priorities. Within this framework, individual sites choose their own community involvement activities, which are overseen by local coordinators.

## Donations and sponsoring

Within ASML sponsoring takes place in two ways: through the ASML Foundation and through Corporate Sponsoring. ASML Foundation supports education projects across the world to improve economic and social self-reliance for targeted groups, primarily children (see section 'ASML Foundation' in current chapter). Corporate Sponsoring concentrates mainly on sponsoring activities in the communities where we are located.

Through our corporate sponsorship program, ASML donated a total amount of about 500,000 euros to various institutions in the Eindhoven region (2011: 261,000 euros). ASML donates to institutions operating in four different areas: community/charity, sports, education and culture.

ASML supports employees who organize or participate in fundraising events by doing a physical activity such as running or cycling. The maximum contribution is set at 1,000 euros per participant per event. In 2012, a total of 14,000 euros was donated to causes that our employees support worldwide and that fit the objectives of our community involvement program.



In 2012, we expanded our partnership with concert hall Muziekgebouw Eindhoven. This program includes organizing music concerts at our Veldhoven campus, discounts on concert tickets for employees and access to events organized for ASML employees at the Muziekgebouw Eindhoven. We also sponsor several other local theatres in the Eindhoven region. The partnership with Muziekgebouw Eindhoven and similar initiatives are part of our efforts to create an appealing and inspiring region for our employees to work and live in (also see paragraph 'Employee engagement' in section 'Employees' of current chapter).

### *Interaction with local communities*

ASML's Open Doors program aims to familiarize the local population with our company and industry. We host company visits in Veldhoven for a wide variety of organizations, from local women's groups to business clubs and school groups. In 2012, we decided to focus on educational visits. As such, 1,834 visitors toured our facilities as part of the Open Doors program, slightly less than the previous year. (2011: 1,995).

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<b>Visitors Open Doors program 2012</b>	<b>Visits</b>	<b>People</b>
Business club	7	171
Community related	9	398
Educational	43	1,148
Press	3	3
Total	70	1,834

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We organized a 'Volunteer Fair' in 2012, to which we invited nine not-for-profit organizations from the Veldhoven area to recruit volunteers at ASML. These included a non-governmental organization supporting the handicapped, a volunteer group supporting families affected by autism and a group that organizes social events for expats in the Eindhoven region. Approximately 100 ASML employees signed up as volunteers, including 60 who joined an initiative to undertake repairs and similar chores for low-income families in the region (also see paragraph 'Employee engagement' in section 'Employees' of current chapter).

ASML supports two partner high schools near its headquarters in the Netherlands and several schools near its locations in the USA. We support the schools with guest lessons, events, educational material and excursions. In 2012, more than 140 employees in the Netherlands and about 25 in the US volunteered to participate in these activities.

We also join initiatives to enhance enthusiasm for technology among youth. For instance, ASML participated in the 'JetNet Career Day' in Eindhoven in 2012, providing workshops to help young people become acquainted with technological professions (also see section 'Employees' in current chapter).

## Appendix

## Appendix: Other HR indicators

Number of employees in FTEs	Asia				Europe			
	2009	2010	2011	2012	2009	2010	2011	2012
Number of payroll employees	1,291	1,538	1,676	1,812	3,800	4,202	4,730	4,995
Female (%)	13	12	13	12	10	10	11	11
Male (%)	87	88	87	88	90	90	89	89
Number of temporary employees	21	11	19	13	1,026	1,873	1,793	2,060
Female (%)	42	46	58	77	8	8	8	10
Male (%)	58	54	42	23	92	92	92	90
Total payroll & temporary	1,312	1,549	1,695	1,825	4,826	6,075	6,523	7,055

Number of employees in FTEs	USA				Total			
	2009	2010	2011	2012	2009	2010	2011	2012
Number of payroll employees	1,457	1,444	1,550	1,617	6,548	7,184	7,955	8,424
Female (%)	12	8	11	11	11	10	11	11
Male (%)	88	92	89	89	89	90	89	89
Number of temporary employees	89	171	123	64	1,136	2,055	1,935	2,137
Female (%)	7	7	8	9	8	8	9	10
Male (%)	93	93	92	91	92	92	91	90
Total payroll & temporary	1,546	1,615	1,672	1,681	7,684	9,239	9,890	10,561

Age group payroll employees in FTEs	Asia				Europe			
	2009	2010	2011	2012	2009	2010	2011	2012
< 30	282	408	399	400	371	357	464	447
30-50	982	1,095	1,235	1,368	2,980	3,294	3,595	3,747
>50	27	35	41	43	449	551	671	801
Total	1,291	1,538	1,676	1,812	3,800	4,202	4,730	4,995

Age group payroll employees in FTEs <sup>1</sup>	USA				Total			
	2009	2010	2011	2012	2009	2010	2011	2012
< 30	90	90	97	104	743	855	960	950
30-50	883	855	884	873	4,846	5,244	5,715	5,988
>50	485	499	569	620	960	1,085	1,281	1,465
Total	1,457	1,444	1,550	1,617	6,548	7,184	7,955	8,424

<sup>1</sup> 20 unknown for USA in 2012.

Full-time & part-time payroll employees in FTEs	Asia				Europe			
	2009	2010	2011	2012	2009	2010	2011	2012
Full-time	1,291	1,529	1,675	1,811	3,392	3,673	4,197	4,421
Female (%)	13	13	13	12	7	7	7	8
Male (%)	87	87	87	88	93	93	93	92
Part-time		9	1	1	408	529	533	574
Female (%)		93	67	66	35	32	36	35
Male (%)		7	33	34	65	68	64	65

Full-time & part-time payroll employees in FTEs	USA				Total			
	2009	2010	2011	2012	2009	2010	2011	2012
Full-time	1,453	1,427	1,547	1,610	6,136	6,628	7,419	7,842
Female (%)	12	11	11	11	9	9	9	9
Male (%)	88	89	89	89	91	91	91	91
Part-time	4	17	3	7	412	554	537	582
Female (%)	45	9	63	66	35	31	37	35
Male (%)	55	91	38	34	65	69	63	65



ASML's employee attrition in heads	Asia			Europe					
	2009	2010	2011	2012	2009	2010	2011	2012	
Non-voluntary	62	19	19	18	121	37	28	42	
Voluntary	70	125	117	71	58	57	71	64	
<b>Total</b>	<b>132</b>	<b>144</b>	<b>136</b>	<b>89</b>	<b>179</b>	<b>94</b>	<b>99</b>	<b>106</b>	
<b>Gender</b>									
Female	22	17	21	14	36	14	19	26	
Male	110	127	115	75	143	80	80	80	
<b>Age group</b>									
< 30	46	56	53	25	25	15	20	25	
30-50	84	85	80	61	132	67	66	60	
>50	2	3	3	3	22	12	13	21	
<b>Total</b>	<b>132</b>	<b>144</b>	<b>136</b>	<b>89</b>	<b>179</b>	<b>94</b>	<b>99</b>	<b>106</b>	

ASML's employee attrition in heads	USA			Total					
	2009	2010	2011	2012	2009	2010	2011	2012	
Non-voluntary	217	83	21	21	400	139	68	81	
Voluntary	26	57	67	60	154	239	255	195	
<b>Total</b>	<b>243</b>	<b>140</b>	<b>88</b>	<b>81</b>	<b>554</b>	<b>378</b>	<b>323</b>	<b>276</b>	
<b>Gender</b>									
Female	44	25	9	13	102	56	49	53	
Male	199	115	79	68	452	322	274	223	
<b>Age group</b>									
< 30	15	11	14	9	86	82	87	59	
30-50	144	68	58	49	360	220	204	170	
>50	84	61	16	23	108	76	32	47	
<b>Total</b>	<b>243</b>	<b>140</b>	<b>88</b>	<b>81</b>	<b>554</b>	<b>378</b>	<b>323</b>	<b>276</b>	

New hires payroll employees in heads	Asia			Europe					
	2009	2010	2011	2012	2009	2010	2011	2012	
Total number of new hires	46	399	291	208	119	505	648	409	
Rate of new hires (%)	3.6	30.9	22.5	11.5	3.0	11.6	13.3	8.2	
<b>Gender</b>									
Female	16	45	42	26	18	83	89	55	
Male	30	354	249	182	101	422	559	354	
<b>Age group</b>									
< 30	13	221	151	70	46	131	221	97	
30-50	32	174	138	135	69	343	382	261	
>50	1	4	2	3	4	31	45	51	

New hires payroll employees in heads	USA			Total					
	2009	2010	2011	2012	2009	2010	2011	2012	
Total number of new hires <sup>1</sup>	22	126	168	139	187	1,030	1,107	756	
Rate of new hires (%)	1.5	8.7	10.8	8.6	2.2	11	10.9	9.0	
<b>Gender</b>									
Female	2	13	24	23	36	141	155	104	
Male	20	113	144	108	151	889	952	644	
<b>Age group</b>									
< 30	3	22	30	15	62	374	402	182	
30-50	15	62	92	72	116	579	612	468	
>50	4	42	46	52	9	77	93	106	

1 8 unknown for USA in 2012.

<b>New hires payroll employees in heads</b>	<b>Asia 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Europe 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires leaving employment during the reporting period	1	15	14	6	2	1	5	14
<b>Gender</b>								
Female		3	4	2				2
Male	1	12	10	4	2	1	5	12
<b>Age group</b>								
< 30		11	6	1	1		3	9
30-50	1	4	8	5	1	1	2	5
>50								

<b>New hires payroll employees in heads</b>	<b>USA 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires leaving employment during the reporting period		1	7	4	3	17	26	24
<b>Gender</b>								
Female			1	1	-	3	5	5
Male		1	6	3	3	14	21	19
<b>Age group</b>								
< 30				2	1	11	9	12
30-50		1	7		2	6	17	10
>50				2				2

<b>New hires temporary employees in heads</b>	<b>Asia 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Europe 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires	7	12	13	11	438	1,299	761	824
Rate of new hires (%)	32	100	68	85	41	68	41	40
<b>Gender</b>								
Female	7	10	7	9	55	134	102	125
Male		2	6	2	383	1,165	659	699

<b>New hires temporary employees in heads</b>	<b>USA 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires <sup>1</sup>	74	186	97	104	519	1,497	871	940
Rate of new hires (%)	82	104	78	163	6	16	9	44
<b>Gender</b>								
Female	6	18	7	11	68	162	116	145
Male	68	168	90	61	451	1,335	755	763

<sup>1</sup> 32 unknown for USA in 2012.

<b>New hires temporary employees in heads</b>	<b>Asia 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Europe 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires leaving employment during the reporting period		3	5	3	37	93	82	55
<b>Gender</b>								
Female		3	5	3	9	14	17	14
Male					28	79	65	41

<b>New hires temporary employees in heads</b>	<b>USA 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total number of new hires leaving employment during the reporting period <sup>1</sup>	5	36	28	35	42	132	115	93
<b>Gender</b>								
Female	1	5	1	6	10	22	23	23
Male	4	31	27	18	32	110	92	59

<sup>1</sup> 11 unknown for USA in 2012

<b>Parental leave in heads</b>	<b>2009</b>			<b>2010</b>		
	<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Number of employees that took parental leave	31	103	134	42	134	176
Number of employees that returned to work after parental leave	19	72	91	23	50	73

<b>Parental leave in heads</b>	<b>2011</b>			<b>2012</b>		
	<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Number of employees that took parental leave	56	107	163	47	152	199
Number of employees that returned to work after parental leave	27	66	93	35	94	129

## **Appendix: Independent assurance statement**

We have been engaged by ASML to provide external assurance on its Sustainability Report 2012 (further referred to as 'The Report'). The content of The Report and the identification of material issues are the responsibility of ASML management. Our assurance statement provides readers of The Report with an independent opinion on the integrity of information, based on our review of The Report and underlying systems and evidence.

### **What we looked at: our scope, objective and level of assurance**

Our engagement was designed to provide moderate assurance on whether the information in The Report is fairly presented in accordance with the reporting criteria described below. Therefore, our assurance activities are aimed at determining the plausibility of information disclosed by ASML in The Report, and are less extensive than those for a high level of assurance; evidence gathering is focused at corporate level and limited sampling at lower levels of the organization.

### **Which reporting criteria ASML used**

ASML applies its own sustainability reporting criteria, based on the Global Reporting Initiative (GRI) G3.1 Guidelines. It is important to view the performance data and trends in combination with the explanation and limitations provided by ASML in the Appendix 'Reporting Principles'.

### **Which assurance methods and audit principles we applied**

We applied a structured evidence-based verification process based on international assurance standards like AA1000AS (verification of reliability of information) and the Standard 3410N of the Royal Dutch Institute of Register Accountants, and we ensured to cover the key qualities for external assurance described in GRI-G3.1.

We ensured that our assurance team possesses the required competences to understand and review The Report, and adhered to the principles of auditing regarding ethical conduct, professional integrity, and independence.

### **What we did; our assurance activities**

To come to our conclusions we reviewed:

- The materiality assessment performed by ASML to identify and determine material sustainability issues to be included in The Report, including a review of media and peer reporting to obtain information about relevant sustainability issues in the industry in the reporting period.
- Corporate level systems, processes and internal controls for collection and aggregation of quantitative and qualitative information in The Report, including interviews with sustainability domain owners and central sustainability team.
- Internal Audit findings in relation to The Report and underlying reporting processes. Internal Audit analyzed and reviewed, on a sample basis, the key reporting, validation and aggregation processes and systems, and they interviewed domain owners and other relevant staff.
- Several drafts of The Report to assess whether relevant text assertions in The Report are supported by underlying evidence, and evaluating the information presented against our findings from above mentioned activities. We interviewed corporate staff and reviewed documentation. We discussed changes to the various drafts of The Report and performed a consistency check to ensure that the final version of The Report reflects our findings.

### **Our conclusion**

Based on our work undertaken we conclude that the information in The Report is fairly presented in accordance with the reporting criteria described by ASML in the Reporting Principles.

The Hague, 6 March 2013  
G. Appels  
Director and Lead verifier  
Sustainable-Business

## Appendix: Reporting principles

This Sustainability Report provides an overview of ASML's performance in the area of sustainability over 2012. It covers ASML's activities from January 1, 2012 to December 31, 2012. The report is available in full in digital format on [www.asml.com](http://www.asml.com).

### Reporting criteria

This report is ASML's eighth annual Sustainability Report. The previous report was published on March 14, 2012. It covers the most material parts of our organization, based on the GRI G3.1 guidelines. In defining the report content, ASML has elected to describe all core and additional indicators of the Global Reporting Initiative (GRI) that are material, and on which ASML exercises direct control or significant influence. Topics of the highest priority are based mainly on stakeholder requirements and business priorities and have been reviewed and decided by the Sustainability Board of ASML. These topics are listed in the chapter 'Company information'. Based on the Application Level system of GRI G3.1 and the reported content, ASML's self-assessment of the application level of the G3.1 guidelines for this Sustainability Report is A (same as last year).

For improved readability and better comparability with other companies, we changed the structure of the 2012 Sustainability Report. Instead of reporting according to our internal sustainability management structure (i.e. across four domains) as we did previously, the 2012 report will be structured along Environmental, Social and Governance (ESG) lines. The ESG structure is more widely used by our peers and other organizations reporting on sustainability.

### Internal audit findings

As we are striving to further improve the reliability of our sustainability data, Internal audit was asked to perform review procedures with respect to the sustainability reporting process and the data. Main findings relate to the need to further embed sustainability in company governance and systems and further improve the reporting of the sustainability data and related controls throughout the year. Currently we are defining projects that will follow up with these findings.

### Reporting indicators

The data disclosed in this report is derived from various sources. Due to its nature, the data which we have specified below is subject to a degree of uncertainty caused by limitations in measuring and estimating data.

ASML strives to formulate and apply uniform definitions and processes for reporting purposes in order to improve the accuracy and comparability of the data. In general this report provides an overview of the sustainability performance for all ASML locations worldwide. For some topics where the scope differs, this is indicated below. The figures in this report exclude ASML Motion. ASML acquired supplier Wijdeven Motion in September 2012.

As ASML strives to further improve its reporting, this report includes restatements of some indicators disclosed in the 2011 report due to changes in measurement methods. This applies to the following restatements:

- Absenteeism Europe: the figures until 2011 only include Dutch employees. Since 2012 all other European time-registering employees are taken into account.
- Absenteeism Europe: we adjusted the way we calculate our illness figures for Veldhoven in 2012 to ensure alignment with the GRI standard. Figures for previous years have been adjusted accordingly. The illness figures for the rest of Europe, USA and Asia were already aligned with the GRI standard.
- Energy savings: in 2011 we reported total energy savings through improved technical installations of 12 TJ. An internal ISO14001 audit revealed weather variability had not been taken into account. As a result, the energy saving figure was adjusted to 7 TJ.

In the appendix 'Non-financial data definitions' you can find a detailed overview of our data definitions, scope and calculations for key performance and target indicators.

For some main indicators we provide insight below. In the interest of brevity, selected disclosures appear in the GRI table included in this report.

### Safety

The scope of our safety indicator LTAs includes all payroll and flex employees at all ASML locations worldwide and those on business travel. The scope of our safety indicator 'number of accidents with injury' encompasses ASML's worldwide activities, all ASML payroll and flex employees, whether on site or on business travel, and all other persons present on any ASML campus.

#### *Environmental data (energy, CO<sub>2</sub>, water, waste)*

The scope of the environmental data is limited to our manufacturing locations in Veldhoven, Wilton and Linkou and excludes our Customer Support (CS) locations, which, in 2010, were assessed as being immaterial regarding their energy footprint. In total these CS locations were accountable for less than 2% of the energy use (mainly lighting and computers), meaning that our manufacturing locations were accountable for more than 98% of the total energy use. No major changes in terms of size and employees have affected these customer locations since 2010. For our Veldhoven manufacturing location, all manufacturing-related buildings are taken into account, meaning all our campus buildings in Veldhoven and our manufacturing building at Eindhoven Airport. Regarding waste and water, we apply the same scope as for energy, so excluding our CS locations, since the ASML waste and water footprint is also strongly related to our manufacturing processes.

ASML's environmental data is measured by external experts and suppliers, reported to ASML and then consolidated and verified by an internal management system. In a number of cases data had to be estimated due to lack of external invoices. Part of our waste (on average around 5% of the waste streams) is removed from our premises in containers of a predetermined weight. These estimated weights are weights for standardized packaging sizes (indicators) based on average weights in the country determined by our waste handling company. This can result in inaccuracies. In addition, the definition of waste differs between various locations due to differences in local legislation, e.g. in the USA other definitions are used for disposing hazardous and non-hazardous waste. Within the Sustainability Report ASML tried to align all waste streams within the European definitions. Only in cases where a certain waste stream is not seen as waste in the USA can this cause inaccuracies in the reporting data.

#### *HR*

The scope of our HR key performance indicators is all payroll employees at all ASML locations worldwide. Only the scope for our absenteeism figure is different: for the Veldhoven location and USA locations all payroll employees are taken into account; for the European and Asian locations the scope is all time registering payroll employees (88% coverage for the rest of Europe; 71% coverage for Asia). In some countries, like Japan, sick leave is regarded as annual leave, so illness-related absenteeism is recorded as 0%. This explains the relatively low absenteeism figures for Asia.

#### *Product*

Product-related environmental data is retrieved from internal design documents and specifications, reflecting the current technology status and roadmaps.

#### *Financial data*

Figures adopted from the annual report have been audited in a separate process for financial results.

#### **Verification of this report**

Information in this Sustainability Report has been subject to internal audits and to external assurance. We requested external assurance as recommended by GRI and asked Sustainable-Business to provide the service. Independent assurance of this report is provided in the appendix 'Independent assurance statement'.

## Appendix: Non-financial data definitions

Main KPIs (in alphabetical order)	Definition	Calculation method	Scope
Absenteeism Asia (%)	The number of calendar days (including weekends) of sick leave for ASML Asia for payroll employees in the observation period, divided by the labor volume (in full-time equivalents) multiplied by the number of calendar days in the observation period.	Total number of calendar days of sick leave * sick leave percentage * employment percentage / number of FTE (per last day of reporting period) * calendar days in period.	Asia time-registering personnel (71%)
Absenteeism Europe (%)	The number of calendar days (including weekends) of sick leave for ASML Europe for payroll employees in the observation period, divided by the labor volume (in full-time equivalents) multiplied by the number of calendar days in the observation period.	Total number of calendar days for payroll employees of sick leave * sick leave percentage * employment percentage / number of FTE (per last day of reporting period) * calendar days in period.	All Veldhoven (100%) and rest of Europe time-registering personnel (88%)
Absenteeism USA (%)	The number of calendar days (including weekends) of sick leave for ASML USA for payroll employees in the observation period, divided by the labor volume (in full-time equivalents) multiplied by the number of calendar days in the observation period.	Total number of calendar days for payroll employees of sick leave * sick leave percentage * employment percentage / number of FTE (per last day of reporting period) * calendar days in period.	All USA personnel (100%)
ASML Foundation	Euros donated in reporting period via ASML foundation.		ASML Foundation
CO <sub>2</sub> -emissions (kilotons)	Total of net CO <sub>2</sub> emissions from ASML manufacturing locations in kilotons calculated by adding the direct and indirect CO <sub>2</sub> emissions resulting from gas, electricity, fuel oil and propane purchased in the reporting period.	Gross CO <sub>2</sub> emission is calculated first: local figures for gas, electricity, fuel oil and propane are converted via local conversion factors to kilotons CO <sub>2</sub> . Conversion factors kWh->CO <sub>2</sub> and m <sup>3</sup> ->CO <sub>2</sub> defined (from local suppliers). From the gross CO <sub>2</sub> emission is deducted: the amount of renewable energy certificates purchased (guarantee of origins) converted to kilotons CO <sub>2</sub> using Netherlands conversion factors kWh->CO <sub>2</sub> as defined by local suppliers.	Manufacturing locations Veldhoven, Wilton and Linkou
Corporate sponsoring	Euros donated in reporting period via sponsoring.	Euros committed to sponsor external parties in the reporting period. Amounts are taken into account when invoices are sent internally to accounts payable.	Veldhoven and sponsor tours (worldwide)
EICC compliancy all major suppliers	Percentage of major suppliers (product-related suppliers in the ASML TOP 80% spend of the previous year) that acknowledged the EICC code of conduct.	Number of major suppliers that have acknowledged the EICC code of conduct / total number of major suppliers. Major suppliers in reporting year are product-related suppliers in the TOP 80% ASML spend of the year previous to the reporting year. Acknowledging the EICC code of conduct means they signed the acknowledgement letter and completed the short self-assessment questionnaire. Spend excludes the non-addressable spend.	Major suppliers
Electricity purchased (TJ)	Total electricity purchased in the reporting period for ASML manufacturing locations, calculated in TJ.	Number of kWh converted to number of TJ. Conversion factors from kWh to TJ defined (local suppliers).	Veldhoven, Wilton and Linkou
Employee attrition (%)	Employee attrition percentage is the percentage of payroll employees that left ASML worldwide during the current reporting period.	Number of payroll FTE that left ASML/number of FTE (last day of last month)*100%.	Worldwide
Energy efficiency savings (TJ)	Cumulated energy savings in reporting year (since 2010) through improved technical installations.	Sum of all energy savings reached through improved technical installations since 2010 until end of reporting period.	Veldhoven, Wilton and Linkou

Main KPIs (in alphabetical order)	Definition	Calculation method	Scope
Fuels Purchased (TJ)	Total of natural gas, fuel oil, hydrogen, propane purchased in the reporting period for ASML manufacturing locations, calculated in TJ.	Number of m <sup>3</sup> converted to number of TJ. Conversion factors from m <sup>3</sup> to TJ defined (local suppliers).	Veldhoven, Wilton and Linkou
Gross waste reduction (%)	Percentage of gross waste reduction in reporting year versus total gross waste in 2012 (base year).	Gross waste in base year (2012; 2,228 * 1000 kg) minus gross waste in reporting year divided by gross waste in base year (2012) * 100%	Veldhoven, Wilton and Linkou
Lost time accident rate	LTA rate is the number of accidents (per 100 FTEs) resulting in the victim not being able to return to work on the next originally scheduled working day	100 * # LTAs for payroll and flex employees on ASML worldwide locations and business travel in reporting period /average # payroll and flex FTE of the reporting period /12.	All ASML worldwide locations
Machine energy efficiency NXT (kWh/wafer)	Theoretical value of total energy consumption in kWh for NXT machines divided by productivity.	Total scanner and laser power (Watt) /throughput * equipment efficiency /1000. Scanner and laser power theoretical calculated. Laser power is average of two laser types. Throughput in wafers /hour. Equipment efficiency is 0.8.	Machines NXT: 1950
Non product-related training hours per payroll FTE	Non product-related training hours per payroll FTE for ASML worldwide.	Number of total training hours for training that started in the reporting period /number of payroll FTEs (last day of reporting period); non product-related training is all organized via Human Resources.	Worldwide
Number of accidents with injury	Number of accidents with personal injury in reporting period for all ASML locations and activities worldwide.	Accidents are events that result in personal injury, illness or death. All work-related accidents on the campus (regardless ASML employee or other) and employees on business travel.	Worldwide
Number of lost time accidents	Number of accidents with personal injury in reporting period for all ASML locations and activities worldwide, that result in the victim not being able to return to work on the next originally scheduled working day.	Accidents are events that result in personal injury, illness or death. All work-related accidents on the campus (regardless ASML employee or other) and employees on business travel.	Worldwide
Number of systems sold	Number of ASML systems sold in reporting period	See financial report.	ASML
Product safety accidents	This indicator refers to the number of product-related accidents that resulted in lost work days (product-related lost time accidents). It is also included in the overall lost time accidents rate indicator for ASML worldwide.	Product-related accidents means all accidents where product or product design is a factor.	Worldwide
Recyclable hazardous waste per manufacturing location (%) Veldhoven	The percentage of recyclable hazardous waste per manufacturing location , disposed in reporting period, calculated as tons of recyclable hazardous waste divided by the total hazardous waste.	Tons of hazardous waste /total waste * 100%. Hazardous waste is lamps, batteries, hazardous liquids, empty packaging, cleaning wipes, filters, other hazardous waste; all material labeled hazardous. In case of doubt an expert waste handler is consulted.	Veldhoven
Recyclable non-hazardous waste per manufacturing location (%) Veldhoven	The percentage of recyclable non-hazardous waste per manufacturing location , disposed in reporting period, calculated as tons of recyclable non-hazardous waste divided by the total non-hazardous waste.	Tons of recyclable non-hazardous waste /total non-hazardous waste * 100%. Non-hazardous waste is general waste, plastics, glass, paper and cardboard, metals, electronics, waste wood, organic waste, construction waste and other non-hazardous waste. Recyclable means material recovery plus energy recovery (R1).	Veldhoven
Total waste materials disposed (x 1,000 kg)	Total amount of waste disposed in reporting period from ASML manufacturing locations, calculated in tons.		Veldhoven, Wilton and Linkou



<b>Main KPIs (in alphabetical order)</b>	<b>Definition</b>	<b>Calculation method</b>	<b>Scope</b>
Waste recycling (%)	The percentage of recyclable waste for all manufacturing locations, disposed in reporting period, calculated as tons of recyclable waste divided by the total waste in reporting period	Tons of recyclable waste/total waste * 100%.	Veldhoven, Wilton and Linkou
Waste towards landfill (%)	The percentage of waste disposed to landfill in reporting period versus total amount of waste disposed in reporting period.	Tons of waste disposed to landfill divided by total waste * 100%.	Veldhoven, Wilton and Linkou
Water efficiency savings (%)	Cumulated water savings in reporting year (since base year 2010) through improved technical installations.	Sum of all water savings reached through improved technical installations since 2010 until the end of the reporting period divided by the water purchased in 2010 (was 686*1000 m <sup>3</sup> ).	Veldhoven, Wilton and Linkou
Water use (x 1000 m <sup>3</sup> )	Total water purchased in reporting period for ASML manufacturing locations, calculated in 1000 m <sup>3</sup> .		Veldhoven, Wilton and Linkou
Workforce by gender (Men /Women in %)	Percentage of male versus female payroll FTE employees versus total amount of payroll FTE employees for ASML worldwide.	Figures are based on the number of payroll employees in FTE (last day of reporting period).	Worldwide

## Appendix: GRI table

### Strategy and analysis

<b>Strategy and analysis</b>	
1.1 Statement from the organization's most senior decision-maker.	Message from the CEO.
1.2 Description of key impacts, risks and opportunities.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.

### Organizational profile

<b>Organizational profile</b>	
2.1 Name of the organization.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.2 Primary brands, products and / or services.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Company key information (About ASML); 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.4 Location of organization's headquarters.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.6 Nature of ownership and legal form.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.7 Markets served (including geographic breakdown, sectors served, and types of customers / beneficiaries).	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report; Engaging our stakeholders (Who our customers are).
2.8 Scale of the reporting organization.	Company key information; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report. The R&D investment figures reported in the Sustainability Report 2010 (for the years 2009-2010) also included subsidies and other governmental credits.
2.9 Significant changes during the reporting period regarding size, structure or ownership.	About ASML; 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
2.10 Awards received in the reporting period.	Throughout the report.

### Report parameters

<b>Report parameters</b>	
3.1 Reporting period (e.g. fiscal / calendar year) for information provided.	Reporting principles.
3.2 Date of most recent previous report (if any).	Reporting principles.
3.3 Reporting cycle (annual, biennial, etc.)	Reporting principles.
3.4 Contact point for questions regarding the report or its contents.	ASML contact information.
3.5 Process for defining report content.	Reporting principles.
3.6 Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Reporting principles.
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Reporting principles.
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and / or between organizations.	ASML does not participate in any joint ventures.
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Throughout the report, appendix 'Reporting principles'.
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers / acquisitions, change of base years / periods, nature of business, measurement methods).	See footnotes in the relevant text.
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	See footnotes in the relevant text.
3.12 Table identifying the location of the Standard Disclosures in the report.	GRI table.
3.13 Policy and current practice with regard to seeking external assurance for the report.	Reporting principles.

## Governance, commitments and engagement

<b>Governance, commitments and engagement</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational supervision.	Chapter Governance (How we manage our sustainability strategy); 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	Chapter Governance (How we manage our sustainability strategy); 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Chapter Governance (How we manage our sustainability strategy); 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	2012 Annual Report on Form-20F and the 2012 Statutory Annual Report; Remuneration Report 2012.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	2012 Annual Report on Form-20F and the 2012 Statutory Annual Report; Remuneration Report 2012.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Rules of Procedure Supervisory Board.
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Rules of Procedure Supervisory Board.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Chapter Governance (Ethics and compliance).
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Chapter Governance (How we manage our sustainability strategy); Rules of Procedure Supervisory Board.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Rules of Procedure Supervisory Board.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Chapter Governance (Risk management); 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Chapter Our sustainable operations and products (Complying with legislation on hazardous substances and substances of very high concern in our products, Open innovation: compelling model for growth) sections Forging close ties with our customers (Product safety and compliance) and Sustainable suppliers in chapter Engaging our stakeholders.
4.13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Chapter Our sustainable operations and products (Complying with legislation on hazardous substances and substances of very high concern in our products, Open innovation: compelling model for growth) and section Sustainable suppliers in chapter Engaging our stakeholders.
4.14	List of stakeholder groups engaged by the organization.	Chapter Company key information (Stakeholder engagement).
4.15	Basis for identification and selection of stakeholders with whom to engage.	Chapter Company key information (Stakeholder engagement).
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Chapter Company key information (Stakeholder engagement).
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Chapter Company key information (Stakeholder engagement).

## Economic

<b>Economic performance</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Donations and other community investments: chapter Company key information (Sustainability strategy, targets and KPIs - table Key performance indicators) and chapter Engaging our stakeholders (Society). With respect to the direct economic value indicators: revenues, operating costs, employee compensation, retained earnings and payments to capital providers and governments, we would like to refer to the 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Chapter Governance (Risk management).
EC3	Coverage of the organization's defined benefit plan obligations.	2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.
EC4	Significant financial assistance received from government.	For details about our tax rates and financial assistance received from the government, we would like to refer to the 2012 Annual Report on Form-20F and the 2012 Statutory Annual Report.

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**Market presence**

EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Engaging our stakeholders (Sustainable suppliers).
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Our recruitment process is designed to acquire, develop and retain the best talent and skills regardless of their descent. Our people are recruited from all over the world rather than limited to local communities. Nevertheless a majority of our senior management are local hires.

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**Indirect economic impacts**

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Chapter Engaging our stakeholders (Employees - Staffing).
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**Environmental****Materials**

EN1	Materials used by weight or volume.	Our systems are not designed to calculate the direct and non-renewable materials in accordance with EN1. We would also like to refer to our ASML Product Catalog (on the website and available to our customers) for further details about the process flow and technical specifications of our products.
EN2	Percentage of materials used that are recycled input materials.	Given the complexity, the limited amount of shipped systems (approx. 200 per year) and the limited size of the consumable products, the calculation of the recycled input materials is considered not to be material.

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**Energy**

EN3	Direct energy consumption by primary energy source.	Our sustainable operations and products (Supporting sustainability through our operations - Investing in a lower carbon footprint)
EN4	Indirect energy consumption by primary energy source.	Our sustainable operations and products (Supporting sustainability through our operations - Investing in a lower carbon footprint)
EN5	Energy saved due to conservation and efficiency improvements.	Our sustainable operations and products (Supporting sustainability through our operations - Investing in a lower carbon footprint)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Our sustainable operations and products (Supporting sustainability through our operations - Investing in a lower carbon footprint)

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**Water**

EN8	Total water withdrawal by source.	Our sustainable operations and products (Supporting sustainability through our operations - Reducing our use of water).
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**Biodiversity**

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).

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**Emissions, effluents and waste**

EN16	Total direct and indirect greenhouse gas emissions by weight.	Our sustainable operations and products (Supporting sustainability through our operations - Investing in a lower carbon footprint)
EN17	Other relevant indirect greenhouse gas emissions by weight.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).
EN19	Emissions of ozone-depleting substances by weight.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).
EN20	NOx, SOx, and other significant air emissions by type and weight.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).
EN21	Total water discharge by quality and destination.	Our sustainable operations and products (Supporting sustainability through our operations - Reducing our use of water).

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**Emissions, effluents and waste**

EN22	Total weight of waste by type and disposal method.	Our sustainable operations and products (Supporting sustainability through our operations - Recycling our waste).
EN23	Total number and volume of significant spills.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects).

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**Products and services**

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Our sustainable operations and products (Supporting sustainability through our products).
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**Compliance**

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Our sustainable operations and products (Supporting sustainability through our operations - Dealing with other environmental aspects). There were no fines paid or sanctions applied against ASML with respect to non-compliance with environmental laws and regulations.
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**Social****Employment**

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	See chapter Engaging our stakeholders (Employees) and Appendix (Other HR indicators).
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	See tables in Appendix (Other HR indicators) Age groups are reported only for payroll employees due to country specific laws, according to which, in some countries, ASML is not always allowed to store birth dates for temporary employees.
LA15	Return to work and retention rates after parental leave, by gender.	See table in Appendix (Other HR indicators).

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**Labor/management relations**

LA4	Percentage of employees covered by collective bargaining agreements.	ASML has collective labor agreements in place in the Netherlands and Belgium. In Belgium 100% of the local workforce is covered by the agreements. In the Netherlands, 96% of the workforce (excluding the senior management) is covered by the collective agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	The notice period is in accordance with local laws. In some cases a different notice period can be part of contractual agreements.

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**Occupational health and safety**

LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender.	Engaging our stakeholders (Employees).
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not applicable.

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**Training and education**

LA10	Average hours of training per year per employee by gender and by employee category.	See table Key performance indicators in chapter Company key information (Our sustainability strategy, targets and KPIs), chapter Governance (Ethics and compliance) and chapter Engaging our stakeholders (Employees - Development, health and safety).
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**Diversity and equal opportunity**

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	See table referring to composition of governance bodies in chapter Governance (How we manage our sustainability strategy) and table Number of nationalities working for ASML in chapter Engaging our stakeholders (Employees).
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**Equal remuneration for women and men**

LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	In accordance with our remuneration policy, male and female employees are equally compensated regarding salary, bonuses and shares. 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. The merit (salary) increase budget is set by country, based on salary market developments and affordability.
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**Investment and procurement practices**

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Chapters Governance (Ethics and compliance) and Engaging our stakeholders (Sustainable suppliers) as part of EICC approach.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.	Chapters Governance (Ethics and compliance) and Engaging our stakeholders (Sustainable suppliers) as part of EICC approach.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Governance (Ethics and compliance: Ethics Program 2012).

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**Non-discrimination**

HR4	Total number of incidents of discrimination and corrective actions taken.	Governance, section Ethics and compliance. In 2012, ASML did not receive any formal complaints (according to Reporting Procedure) related to discrimination.
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**Freedom of association and collective bargaining**

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Chapter Engaging our stakeholders (Sustainable suppliers) as part of EICC approach.
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**Child labor**

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Chapter Engaging our stakeholders (Sustainable suppliers) as part of EICC approach.
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**Forced and compulsory labor**

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Chapter Engaging our stakeholders (Sustainable suppliers) as part of EICC approach.
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**Assessment**

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Chapter Governance (Ethics and compliance) The topic of human rights is embedded in the ASML Code of Conduct and Business Principles and it is also covered by the EICC Code of Conduct (for more details about EICC see section Sustainable suppliers in chapter Engaging our stakeholders). The ASML Code of Conduct and Business Principles apply to all operations and employees of ASML.
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**Remediation**

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Chapter Governance (Ethics and compliance) In 2012 ASML received two formal complaints related to human rights (more specifically related to harassment). The complaints were investigated by the Complaints Committee. One of the complaints was found to be fully justified and the other complaint "partially" justified. For each complaint appropriate sanctions were imposed.
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**Local communities**

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Information related to this indicator presented in chapters Company key information (Stakeholder engagement) and Engaging our stakeholders (Society) Percentage not reported.
SO9	Operations with significant potential or actual negative impacts on local communities.	Chapters Governance (Risk management) and Our sustainable operations and products (Dealing with other environmental aspects).
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Related to SO9.

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**Corruption**

SO2	Percentage and total number of business units analyzed for risks related to corruption.	ASML's internal audit process (which covers all operational sites and the worldwide customer support organization) includes audit procedures covering risks and controls related to the identification and prevention of fraud and corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Governance, section Ethics and compliance ASML has renewed its anti-bribery and corruption policy in the second half of 2012. All payroll employees, temporary employees (employed longer than one month) and contractors (employed longer than three months, working on ASML premises and having an ASML IT account) are required to follow the compulsory online training on the ASML's Code of Conduct and related policies and procedure. In 2013 a refresher training on the Code of Conduct and Business Principles for all employees worldwide is planned, focusing on important topics such as gifts and entertainment and bribery and corruption (see Governance, section Ethics and compliance: Ethics Program 2013).
SO4	Actions taken in response to incidents of corruption.	In 2012, there were no legal cases regarding corrupt practices brought against ASML or its employees.

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**Public policy**

SO5	Public policy positions and participation in public policy development and lobbying.	Our sustainable operations and products (Supporting sustainability through our products - Leading in innovation).
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**Compliance**

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	We have no significant fines or sanctions for non-compliance with laws and regulations. See also Our sustainable operations and products (Dealing with other environmental aspects).
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**Customer health and safety**

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Engaging our stakeholders (Forging close ties with our customers - Product safety and compliance).
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**Product and service labeling**

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	See chapters Our sustainable operations and products (Managing and reducing hazardous substances) and Engaging our stakeholders (Forging close ties with our customers - Product safety and compliance). The percentage of significant product and service categories that comply with ASML's information requirements is not relevant as all products and services have to be compliant (zero tolerance).
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**Marketing communications**

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Please refer to ASML's Code of Conduct and Business Principles (also see section Ethics and compliance in chapter Governance). ASML does not sell any products that are banned in certain countries.
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**Compliance**

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	There were no significant fines paid or sanctions applied against ASML with respect to non-compliance with laws and regulations concerning the provision and use of products and services.
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## Appendix: List of abbreviations

Abbreviation	
ArF	Argon fluoride
BCM	Business continuity management
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMR	Carcinogenic, mutagenic and reprotoxic
COO	Chief Operations Officer
CTO	Chief Technology Officer
DAP	Development Action Plan
EHS	Environment, Health, Safety
EHS&S	Environment, Health, Safety & Security
EICC	Electronic Industry Citizenship Coalition
ESG	Environmental, Social, Governance
EUV	Extreme ultraviolet
GRI	Global Reporting Initiative
HR&O	Human Resources & Operations
HVAC	Heat ventilation and air conditioning system
IC	Integrated circuits
IIRC	International Integrated Reporting Committee
I-line	Immersion line
ISAN	Institute for Spectroscopy Russian Academy of Sciences
JetNet	Youth and Technology Network the Netherlands
KPI	Key performance indicator
KrF	Krypton fluoride
LCP	Leadership Capability Plan
LED	Light-emitting diode
LTA	Lost time accident
NC	Non-conformance report
Nm	Nanometer
OECD	Organization for Economic Cooperation and Development
QLTC	Quality, logistics, technology and cost
QPI	Quality and Process Improvement
R&D	Research and development
RCE	Regional Center of Excellence
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RoHS	Reduction of Hazardous Substances
SCR	Selective Catalytic Reduction
SRB	Safety Review Board
TJ	Terajoule
XCDA	Extra clean dry air

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