

**Questions received prior to the Annual General Meeting of Shareholders of  
ASML Holding N.V. to be held on Wednesday, 22 April 2020, starting at 14:00 hrs. CET**

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**Question 1 - VBDO:**

VBDO is pleased to read in the CDP-benchmark that ASML has conducted research on the first-order physical impact of climate change for the company's operations and its supply chain. Additionally, ASML is aware of second-order impacts of climate change, such as fluctuating prices for raw materials and the influence of climate change on the political situation in a country. VBDO is surprised that ASML indicates that the risks are relatively low. The semiconductor sector is considered to be the sector with the highest exposure to physical climate risks by risk analysts of climate data provider 427 (Moody's). Their analysts say that manufacturing companies in the tech sector rely on complex value chains that can be interrupted by extreme weather events, particularly in Asia, which is a region highly exposed to typhoons and extreme precipitation<sup>1</sup>. VBDO is curious if ASML uses different climate path scenarios for analyzing risks on the long term and if it's willing to communicate about the results to its stakeholders? Related to this, is ASML willing to develop policies, in line with the TCFD recommendations, related to the management of physical impacts of climate change?

**Question 2 – VBDO:**

In a published statement on conflict minerals from May 2019, ASML states that it is not always able to determine the exact origin of 3TG-minerals, which are used in its products. This is caused by non-available or incomplete information related to the supply chain. VBDO is aware of the fact that there are many tiers between ASML as an end user and the mines in which minerals are extracted. VBDO is curious about how ASML copes with the traceability and the incompleteness of the available information in risk areas (also in non-conflict regions).

Does ASML have ambitions to further increase the traceability of all minerals and will it, next to conflict regions, include information on risks (low/medium/high) of other areas where mining is in many cases informal as well as unregulated and, in some cases, is carried out in small-scale artisanal mines? Is ASML willing to map its supply chain more broadly as part of the due diligence process and communicate about this to its stakeholders in 2020?

**Question 3 – VBDO:**

VBDO is pleased with the way that ASML approaches the topic of diversity by considering other ways of thinking as an opportunity for its business to learn from each other. Meanwhile, in contrast to the balanced composition of the Supervisory board, women are not represented in the composition of the Management Board. ASML indicates that it is a challenge to increase the gender diversity and inclusion of women in all layers of the organization (AR, 36). ASML has several significant programs in place to enhance diversity within the organization. VBDO acknowledges the difficulties in finding female personnel in technology related sectors. Nevertheless, VBDO is curious if ASML is willing to develop a

concrete diversity strategy that serves a more gender balanced and diverse composition of the boards, workforce and (senior) management. What can VBDO expect on this topic in 2020?

**Question 4 - Stichting SRB:**

Despite the good figures in the first quarter, these paint a distorted picture.

Now that the second quarter is all about working from home, more chips will be needed for all kinds of new applications in a world during and after corona.

More Chips for:

- hardware products
- Data storage
- Data traffic (5G)
- Artificial Intelligence
- Internet of Things
- Medical care equipment and new apps

When it comes to hardware, we don't just think of computers, laptops, tablets and printers. But also to mobile phones, probably more landline phones. These were less and less needed in recent years to make people use mobile phones more and more. Now working from home you probably find the landline telephone handy

To what extent can your econometricians currently provide insight into the impact of this on future demand?

This question is due to the fact that the cost increase at the company may indicate an increase in EUV deliveries later in the year.

**Question 5 - Stichting SRB:**

Do the corona measures adversely affect labor productivity given the fact that people in the factory and at suppliers of essential parts often wear special work clothes?

**Question 6 - Stichting SRB:**

A question about the political risks. You currently do not supply new EUV machines to China. You have supplied numerous machines to China in recent years. Here you provide service and maintenance. There are also regular adjustments to machines already delivered. What are the consequences if America forbids to carry out these adjustments, service and maintenance Now that the Netherlands is dependent on Chinese protective equipment, it is conceivable that China will demand that ASML simply supply EUV machines or otherwise withdraw the export of protective equipment?

**Question 7 - Stichting SRB:**

You indicate that you do not want to abuse your dominant market position. Nevertheless, the market shows that you appropriate a large part of the value in the semiconductor chain. How great is the tension in both directions?

**Question 8 - Stichting SRB:**

You are currently part of the sector-wide collective labor agreement for the metal electro industry. This has grown over the years. You want to get rid of that and agree your own collective labor agreement with the unions. That actually makes sense, since most large companies have their own collective labor agreement. However, the unions are opposed to this. You have reduced the staff bonus from 18% to 16%. In 2019, turnover was 8% higher with the profit unchanged at over € 2.5 billion. The dividend goes up 14% and at that time you planned to buy back € 6 billion in shares for the next three years.

The unions are of the opinion that with the current collective labor agreement there are sufficient possibilities to make adjustments per company in consultation with the unions.

There is controversy among staff, as one half thinks it is important that ASML can make specific agreements in the collective labor agreement. The other half wants to keep everything the same because the collective labor agreement can be adjusted if all parties involved support it.

**Question 9 - VEB:**

After publication of the half-year figures, you indicated that the current crisis has a 'limited impact' on the production capacity of ASML. At the same time, net turnover in the first quarter turned out to be below expectations by at least EUR 700 min.

Can ASML indicate which part of the 700 min. Behind expectations is attributable to the corona crisis in general and limitations in production in particular?

**Question 10 - VEB:**

ASML announced that it had used work arounds to, among other things, circumvent the temporary disruption of production processes.

- a. Until when or in what circumstance do you consider these deviating routines necessary?
- b. How long do they last?

**Question 11 - VEB:**

The annual report states that for many components only one supplier exists or is available.

- a. To what extent is the company more vulnerable to supply chain disruption during this time of crisis?
- b. How does management intend to mitigate these vulnerabilities?

**Question 12 - VEB:**

Can ASML give color and scope to the consequences of the border closures in China and the US for the production process?

**Question 13 - VEB:**

Last year, ASML got stuck between American, Dutch and Chinese industrial policy.

- a. Can the company clarify as much as possible which routes have been followed to deal with this situation?
- b. Which organizations have been consulted or engaged to prevent damage to the company?

**Question 14 - VEB:**

What causes the relative increase in sales to the largest customer by more than 12 percentage points, almost doubling in absolute numbers?

**Question 15 - VEB:**

What is ASML's break-even level for net sales under the current circumstances?

**Question 16 - VEB:**

ASML expects lost revenue in the first quarter to be recovered later in the year. Can it be deduced from this that the catch-up demand will be 100 percent?

**Question 17 - VEB:**

ASML has a very wide bandwidth with regard to the turnover target for 2025. Despite the corona pandemic, is the board of directors now unable to narrow this bandwidth?

**Question 18 - VEB:**

What is the prospect of service revenue - what percentage of sales can services make up in the long run?

**Question 19 – VEB:**

With regard to ASML, KPMG is able to draw attention to one key matter in the audit of users of the financial statements. This is low, given the practice at other companies and the environment, complexity and global presence of ASML.

- a. What is the reason that you have not found it necessary to identify more than one key audit matter (KAM), while noting that the loss of attention to transition to IFRS 15 is justified?
- b. KAM's director is usually selected from a list of topics eligible for additional attention in control.
  - i. Can you indicate which topics were dropped last to be included as the key audit matter?
  - ii. Why have these possible KAMs still been dropped?
  - iii. Has the number of KAMs been discussed with the audit committee?
- c. The VEB hopes that ASML will have an extensive review carried out on the half-year figures. If 'revenue inclusion' will also be a key audit matter, what would be different in KPMG's approach given the current rapidly changing environment?