

TCFD Report: Climate-related disclosure

It is expected that if society continues to emit greenhouse gases at current rates, global warming will speed up and temperature rises of more than 1.5° Celsius (1.5°C) – relative to the pre-industrial period – could have major economic, environmental and social consequences. Climate change and the transition to a low-carbon economy can impact ASML. This report focuses on the potential impacts of climate-related risks and opportunities on our business, including potential impacts on some key parts of our value chain.

Global warming is driving a growing demand for decision-useful, climate-related information and the development of several climate-related disclosure standards. The Task Force on Climate-Related Financial Disclosures (TCFD) was established in December 2015 with the goal of developing a set of voluntary climate-related financial risk disclosures, which companies can adopt to inform stakeholders of the risks and opportunities related to climate change.

In 2024, we continued our application of the TCFD guidelines to assess both physical and transition risks and opportunities in two climate scenarios, a 1.5°C scenario and a 4°C scenario. The assessment considers the impacts of climate-related risks and opportunities for ASML, also considering the potential effect on ASML through our suppliers and customers. The results of the assessment, including identification of mitigating measures, are further integrated into our enterprise risk management (ERM) process.

The TCFD developed a stand-alone document for organizations to use when preparing disclosures, structuring their recommendations around four themes that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. This report follows the structure of the TCFD recommendations. The first section discloses our governance around climate-related risks and opportunities. Secondly, the strategy section describes potential climate-related risks and opportunities and their potential impact on our strategy and financial planning. In the third section we disclose how we identify, assess and manage climate-related risks and opportunities. Finally, the section on metrics and targets discloses the metrics and targets we use to assess and manage relevant climate-related risks and opportunities.

Please note that this document discusses risks related to climate-related matters but may not include all the risks that may ultimately affect ASML in this regard. Some risks not yet known, or believed not to be material, could ultimately have a significant impact on our business objectives, financial condition, results, operations and reputation.

With the application of the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and the accompanying European Sustainability Reporting Standards (ESRS) from the start of 2024, we have included our climate-related risk analysis and resilience analysis in our Annual Report 2024. We will perform and report on the assessment of the anticipated financial effects from material physical and transition risks and potential climate-related opportunities prescribed by ESRS E1-9. This disclosure requirement is part of the phased-in requirements in ESRS-1 Appendix C, hence ASML will report qualitatively on the information prescribed in the second year of preparation of its sustainability statement under ESRS.

This document is a supplement to our Annual Report 2024, and references are made to the Annual Report 2024. The climate-related governance, strategy, risk management and monitoring themes discussed below are embedded in broader structures and processes within the organization. It is therefore necessary to complement the information in this disclosure with the referenced sections in the Annual Report.

TCFD Report: Climate-related disclosure (continued)

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Recommended disclosures:	a. Describe the board's oversight of climate-related risks and opportunities.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.

ESG sustainability, including climate-related risks and opportunities, is managed across several levels and functions of the organization. Members of our Board of Management participate in the governance of climate-related issues by setting the ESG sustainability aspects of our corporate strategy, in their roles in climate risk ownership, in the Compliance, Ethics, Security and Risk Committee and in the ESG Progress Review Meeting (EPRM). This gives them direct ownership of the mechanisms to identify and assess climate-related risks and to integrate them into the organization's strategy. Moreover, the ESG Sustainability team and ESG sustainability KPIs also cascade climate-relevant governance and targets across the organization.

Read more in: ASML Annual Report 2024 – Sustainability statements – General disclosures – ESG sustainability governance

ESG Committee

To underline the importance of ESG sustainability, the Supervisory Board decided to establish an ESG Committee in 2023. The ESG Committee advises the Supervisory Board in carrying out its governance and oversight responsibilities with regard to sustainability, environmental, social and governance matters. The main responsibilities are:

- the ESG sustainability strategy, including the various sub-themes of the ESG sustainability strategy
- the integration of ESG in the company and the ESG sustainability strategy
- the periodic assessment and evaluation of ASML's ESG sustainability performance and progress against its objectives
- the relationships and engagement with ASML's stakeholders
- the (impact of) external ESG matters and developments that are relevant for ASML and the general evolution of the ESG landscape

Read more in: ASML Annual Report 2024 – Corporate Governance – Supervisory Board report – Supervisory Board committees - ESG committee

ESG sustainability in our strategy

The Board of Management sets and oversees the ESG sustainability aspects of our integrated business strategy, which includes nine ESG sustainability strategic themes and associated KPIs. The Supervisory Board monitors and advises the Board of Management on the ESG sustainability aspects that are relevant to the company. Climate considerations are integral to our strategy, with 'Energy Efficiency and Climate Action' identified as one of the nine sustainability strategic themes. The responsibility for strategy execution sits with the business, and the Board of Management and the Supervisory Board conduct periodic progress monitoring.

Read more in: ASML Annual Report 2024 – Sustainability statements – General disclosures – ESG sustainability governance

Risk owner

The Board of Management is further involved in the management of climate-related risks since the Chief Executive Officer is the risk owner for climate-related risks (with the Head of ESG Sustainability team acting as a delegate). Risk owners monitor the development of risks in the ASML risk universe and drive the response to risks across ASML according to requirements that are defined by the Compliance, Ethics, Security and Risk Committee. As such, the risk owner proposes risk responses to identified risks. The Compliance, Ethics, Security and Risk Committee provides oversight and approves risk appetite.

Compliance, Ethics, Security and Risk Committee (CESR) and ERM integration

The Board of Management also plays a role in integrating climate-related risks into our overall ERM process. The CESR is chaired by the Chief Financial Officer (CFO) and comprises senior management representatives across ASML, including the Chief Operations Officer (COO) and Chief Strategic Sourcing & Procurement Officer (CSPO). It is the central risk oversight body that reviews, manages and controls risks in the ASML risk universe. It also approves the risk appetite, risk management policies and risk mitigation strategies. Each quarter the Compliance, Ethics, Security and Risk Committee reviews, updates and discusses the ASML risk landscape. Risk assessments are carried out to assess all risk events in ASML's risk universe. We define strategies to address relevant risks and take these into account when we set our corporate priorities. The board and its relevant committees consider climate-related issues in the same way as other risks when reviewing and guiding risk management.

Read more in: ASML Annual Report 2024 - Strategic report - How we manage risks and Risk Factors.

ESG Progress Review Meeting (EPRM)

Two members of the Board of Management (the Chief Executive Officer and Chief Financial Officer) and other senior management executives are part of the EPRM, with the Chief Executive Officer acting as chair. The EPRM monitors execution of the ESG sustainability strategy, which includes climate-relevant themes.

Read more in: ASML Annual Report 2024 – Sustainability statements – General disclosures – ESG sustainability governance

ESG Sustainability team

The ESG Sustainability team is also included in the governance of climate-related risks and opportunities. It does so by proposing changes to the ESG sustainability aspects of our integrated strategy and by monitoring developments (including climate-related risks and opportunities) that could impact our short-, medium- and long-term ESG sustainability objectives.

ESG sustainability KPIs

Finally, the ESG sustainability KPIs defined for our nine ESG sustainability strategic themes (which include 'Energy Efficiency and Climate Action') are cascaded across different levels of the organization. Each of the material ESG topics is assigned to a senior executive, supported by a topic expert. Each senior executive is responsible for a KPI from the ESG sustainability aspects of our strategy, and is responsible for monitoring progress against agreed targets and ensuring there are sufficient resources available to meet targets and objectives. Progress toward targets is discussed at cross-functional table meetings.

Read more in: Metrics and Targets.

TCFD Report: Climate-related disclosure (continued)

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning where such information is material.

Recommended disclosures:	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p> <p>b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</p> <p>c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>
--------------------------	--

This section considers the identified climate-related risks and opportunities and the potential (financial) impact on our business. In 2024, we updated our qualitative scenario assessment performed in 2022 to assess the potential climate-related risks and opportunities for our business, including potential impacts on key suppliers and customers. The assessment considers two scenarios: a 1.5°C scenario and a 4°C scenario, which are described in more detail in the table below. The two considered scenarios were sourced from the IEA and the IPCC, which are widely regarded as credible sources for selecting climate change scenarios due to their rigorous methodologies and global expertise. Both organizations ensure that their scenarios are grounded in the latest scientific consensus and practical policy considerations, making them reliable for scenario analysis in climate-related decision-making. The scenarios represent two extreme temperature pathways, allowing for a complete risk and opportunity mapping in the scenario analysis – including the full breadth of potential impacts on ASML. These scenarios are not exact forecasts or precise predictions, but rather highlight central elements of a possible future that help guide our resilience analysis.

	1.5°C scenario	4°C scenario
Based on	International Energy Agency (IEA) ‘Net Zero Emissions by 2050’ scenario	Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 scenario
Description	A 1.5°C scenario would only occur if society manages swift decarbonization in the coming decades, resulting in more pronounced transition risks.	A 4°C scenario would occur if society fails to decarbonize, resulting in more pronounced physical risks.
Time horizon	For the 1.5°C scenario, this assessment considers a time horizon until 2030 (medium term). This time horizon is in line with ASML’s overall strategy and risk time horizon.	In our assessment, we consider the climate change effects as projected in 2030 (medium term) and 2050 (long term). The 2050 time horizon is included for this scenario since physical risks could pose a greater threat in the long term if the world fails to decarbonize.







The assessment considers the possible effects of climate change on ASML’s value chain, including its upstream and downstream value chain. In terms of scope, our resilience analysis considers climate-related transition and physical risks and opportunities and their possible effects on our operations and value chain (including upstream and downstream). Specifically, six key suppliers (located within the EU), and three key customers are in scope. We made this selection based on spend (suppliers) and sales volume (customers) averages over a three-year period. No significant assets and/or business activities were considered incompatible with a transition to a climate-neutral economy.

The scoring methodology included in this analysis is relative and aligned with our ERM process. The methodology to assess the risks and opportunities to ASML in both the 1.5°C scenario (covers transition risks and opportunities) as well as the 4°C scenario (covers physical risks and opportunities) are aligned with our ERM system.

In our risk management system we assess identified risks based on their expected potential impact on ASML and expected likelihood. Based on the combined score of the impact and likelihood assessment we determine whether these are classified as high, medium or low risks and opportunities. Risk mitigation measures are taken into consideration when assessing the risks therefore representing net risk.

To assess the risks and opportunities for ASML caused by suppliers and customers we used publicly available data from these suppliers and customers (e.g. annual reports, CDP disclosures and TCFD reports). The available information and outcomes provided in those public disclosures are used for our analysis. Other sources used in our assessment are climate data models including geospatial coordinates (e.g. Swiss RE and Munich Re) for determining the exposure of our assets and business activities to physical risks, review of regulatory developments, and internal multi-stakeholder engagement.

We consider the high and medium risks and opportunities material for ASML. Below is an overview of the used risk and opportunity levels:

	High risk: high financial impact on ASML’s gross margin and/or market share		High opportunity: high financial impact on ASML’s gross margin and/or market share
	Medium risk: medium financial impact on ASML’s gross margin and/or market share		Medium opportunity: medium financial impact on ASML’s gross margin and/or market share
	Low risk: limited to no financial impact on ASML’s gross margin and/or market share		Low opportunity: limited to no financial impact on ASML’s gross margin and/or market share

We use the following time horizons in our physical and transition risk and opportunity assessments:

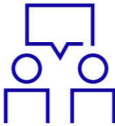

- Short term: one year
- Medium term: from two to five years (e.g. strategy planning horizons)
- Long term: more than five years (e.g. lifetime of assets)

This exercise allows for identification of the most material risks and opportunities.


TCFD Report: Climate-related disclosure (continued)

Results of our climate-related risk analysis and anticipated financial effects of identified material risks and opportunities



The results of our scenario analysis are presented in the below overview. Per scenario and per category we disclose the risk and opportunity levels, where in the value chain the highest effects occur, a description of the risk or opportunity, the mitigating measures ASML or its value chain partners have taken and the anticipated financial effects that could occur in these scenarios.

	Risk level	Value chain	Risk description	Mitigating measures	Anticipated financial effects
Physical risks 4°C scenario medium and long term	Acute and chronic climate change effects		The increased frequency and severity of climate change effects will impact our key customers, particularly in the long term (2050). Extreme weather events are predicted to be more severe and the manufacturing facilities of our key customers are especially exposed to effects of water stress, droughts, storms and typhoons. These events can potentially disrupt the operations of key customers in such an extreme scenario. These customers are particularly sensitive to water stress and drought due to the heavy reliance on water for the semiconductor manufacturing processes.	Our customers are implementing mitigating measures themselves, such as retrofitting of facilities to increase water efficiency, conducting risk assessments and engagement with their supply chain to mitigate climate risks. Alongside this, we are working on technical solutions to reduce the water needed for cooling EUV machines to contribute to a lower dependency on water.	<p>Lost revenue</p> <p>In a 4°C scenario our key customers could experience the increased effects from water stress and drought which can lead to increased operational and capital expenditures and revenue loss. Consequently, the demand for our products could decrease as customers lose financial power. Our dependence on a concentrated number of customers could have a material adverse effect on our revenue and financial condition.</p> <p>Increased capital expenditures</p> <p>Our customers could demand more water-efficient machines, which would require the redesign of our products. There will be increased or prioritized R&D investments to be able to adapt ASML's systems to be more water efficient.</p>
	Acute and chronic climate change effects		The frequency and severity of climate change effects increase, particularly after 2050. Tropical cyclones, heat stress and floods caused by increased precipitation are predicted to be more severe in specific regions, potentially damaging and disrupting our operations in those regions. Additionally, droughts could result in the disruption of production due to water-dependent processes.	We have several key measures in place to mitigate the potential effects of physical risks, including but not limited to robust building designs, fire suppression systems in critical areas, stormwater control mechanisms, water reserve controls, maintenance management, power backup for safety/emergency systems and business continuity strategies.	<p>Lost revenue</p> <p>Extreme weather events can disrupt production processes or transportation, resulting in late deliveries. This can have a material adverse effect on our revenue and financial condition.</p> <p>Operational costs</p> <p>Temperature increases can increase operational costs, due to the necessity of additional air conditioning to ensure consistent climate conditions for our production processes and the productivity of the workforce. Also, it is likely that insurance costs will increase due to increased frequency and severity of extreme weather events in a 4°C scenario.</p> <p>Increased capital expenditures</p> <p>In some cases, more investments will be needed to make our factories increasingly resistant to the effects of climate change, including droughts, tropical cyclones, heat stress, precipitation stress, floods and fire weather stress.</p>

TCFD Report: Climate-related disclosure (continued)

		Risk level	Value chain	Risk description	Mitigating measures	Anticipated financial effects
Transition risks 1.5°C scenario Medium term	Policy and legal	High	 <p>Across value chain</p>	The climate-related regulation landscape is expected to change in many regions. This could lead to stricter regulation on sectors such as energy, industry and transportation, but also on the technology sector. ESG reporting will also have to become more extensive and carbon-pricing regulations can be introduced. Climate regulation will have a strong effect on the medium term (2030) because the world will have to act soon to limit global warming. These regulations may impact ASML directly in relation to its own manufacturing processes or indirectly via the cost of input materials through suppliers or customer requirements for carbon efficiency.	We monitor climate-related regulations and policies to understand the potential effect to our business and stakeholders on a global level. We deploy our carbon footprint strategy, with which we aim to achieve greenhouse gas (GHG) neutrality for scope 1 and 2, business travel and employee commuting by 2025, for our supply chain emissions by 2030 and for product use emissions by 2040. The objective of our supply chain collaboration programs and our product energy efficiency roadmaps is to reduce emissions from the products we purchase, to reduce the carbon footprint of our products, and to enable low-carbon technology and products across our entire value chain.	<p>Increased cost of input materials The price of our input materials is likely to increase in a 1.5°C scenario due to climate-related regulations and carbon taxes.</p> <p>Increased operating costs Increased operating costs due to a price on carbon in a 1.5°C scenario.</p> <p>Increased capital expenditures In a 1.5°C scenario, there will be increased capital expenditures, as investments are needed to make production processes more energy efficient or to change the energy source. This is most relevant for facilities in Taiwan and South Korea, where the costs of moving to renewable energy are already very high. Additionally, increased or prioritized R&D investments will be needed to support our customers in meeting their carbon-reduction requirements.</p>
	Market and economic	High	 <p>Suppliers</p>	The availability of some input materials is expected to be impacted, since demand for these products will become higher in a low-carbon economy (e.g. raw materials used in our equipment like steel, aluminum and rare earth elements). The increased demand and decreased availability of such input materials and required changes to production processes at our suppliers could result in higher purchase prices for ASML.	To mitigate the effects of higher-input material prices, purchase agreements are signed with suppliers. We have developed dedicated supply chain programs to monitor the availability of raw materials and economic development as well as a scarcity program to monitor scarce commodities.	<p>Increased capital expenditures Both ASML and its suppliers need to increase R&D investments to be able to adapt our systems to be more energy efficient and reduce the carbon footprint of the supply chain.</p> <p>Increased operating costs Increased operating costs due to the potential increase of raw materials prices, caused by limited availability and changes in supplier production processes.</p>
	Technology	Critical	 <p>Across value chain</p>	Investments in new technology are required to mitigate carbon emissions, and these transition costs could be very high. ASML is highly dependent on its suppliers and customers to reach its climate ambitions. Some of our manufacturing processes require fossil-fueled technologies for which no alternatives are industrialized yet (e.g. steel), while there is currently a limited availability of renewable energy in some regions where our products are operated.	We develop our products and technology roadmaps in close collaboration with suppliers and customers and we actively work to reduce the energy consumption of our products. We are gathering more insights on material inflows to find solutions to reuse materials and reduce the carbon footprint of materials used in the production process. We expect that the deployment of our Climate Transition Plan will support our transition to achieve GHG neutrality for scope 1, 2 and 3 by 2040.	<p>Increased capital expenditures ASML and value chain partners need to increase R&D investments to reduce the carbon emissions of our lithography systems and applications.</p>

TCFD Report: Climate-related disclosure (continued)

		Risk level	Value chain	Risk description	Mitigating measures	Anticipated financial effects
Transition risks 1.5°C scenario Medium term	Reputation		Own operations 	<p>There will be more scrutiny on the semiconductor sector, as it consumes large volumes of energy and water resources. Failure to decarbonize and mitigate negative impacts on the environment can result in brand and reputational risk for ASML. This could negatively affect employee attraction and retention and could result in a reduction in available capital sources.</p>	<p>We have developed our ESG sustainability strategy to mitigate our negative impacts and increase our positive impacts on ESG-related topics. Part of this strategy is our Climate Transition Plan which we expect will help us to reduce our carbon emissions. By continuously engaging with our relevant stakeholders, we seek to ensure that our ESG sustainability strategy covers all our material impacts, risks and opportunities. The Climate Transition Plan, its related strategic KPIs and its actions and progress are monitored by the Board of Management (BoM).</p>	<p>Lost revenue Reputational damage can lead to a decrease in demand from customers for our products. Similarly, failure to manage climate impact can negatively impact employee attraction and retention and indirectly lead to revenue loss.</p> <p>Increased capital and operational expenditures Increased capital and operational expenditures as investments are needed to execute our ESG sustainability strategy.</p>
		Opportunity level	Value chain	Opportunity description	Anticipated financial effects	
1.5°C & 4°C opportunities Medium to long term	Development and/or expansion of (new) products and services		Own operations 	<p>The increased demand for low-carbon technologies will impact the demand for semiconductors. When looking at the scenario of a low-carbon economy, semiconductors play a multifaceted role in mitigating carbon emissions. Semiconductors are needed for the generation and use of low-carbon energy sources and are necessary for, among others, wind turbines, solar panels and electric vehicles. Moreover, semiconductors are necessary in all smart technologies that help improve energy efficiency, such as smart grids, while power semiconductors can be key in reducing energy use. As demand for semiconductors may surge, the need for our lithography systems is also highly likely to increase.</p>	<p>Increased revenue As demand for semiconductors surges, the need for lithography systems will likely increase. We will likely be able to serve this need if we continue to follow our vision of producing microchips that are constantly becoming more energy efficient. Therefore, the increase in demand for semiconductors will be highly likely to lead to increased revenues.</p>	

TCFD Report: Climate-related disclosure (continued)

Assessment of the resilience of our business model and strategy

We define resilience as our capacity to address our material climate-related risks and how we can take advantage of our material climate-related opportunities. In order to determine the resilience of our strategy and business model, we assessed the extent to which our material risks and opportunities derived from our scenario analysis (as described in the table above) are covered by risk mitigation measures. Our main risk responses are listed in the column 'mitigating measures'.

Our material physical risks will need to be addressed in the medium term but also in the long term. Several actions have been taken to mitigate potential effects of climate-related risks, such as including extreme weather potential in the upgrade and design of new buildings, putting in place insurances to mitigate financial implications due to physical climate risks, development of back-up plans to ensure business continuity and controlling for other risks such as flooding and windstorms.

Our material transition risks will need to be addressed in the medium term. We are proactively managing our exposure to transition risks and trying to anticipate their effects on our reputation and financial performance. One key initiative has been the establishment of climate-related targets that might contribute to mitigating the potential costs associated with climate policies and carbon taxation.

To execute our climate strategy we have been working on multiple actions in close collaboration with our ecosystem partners. We have developed a Climate Transition Plan, which is included in our Annual Report, that provides a roadmap with key actions to achieve the ambitions stated above. This roadmap provides insights into the work done on energy-saving projects for our manufacturing sites and offices, the roadmaps developed for our system families to lower their energy usage, the supplier engagement program to lower the emissions related to the materials we purchase. In addition, we have developed internal policies related to climate change and other environmental topics and we provide regular knowledge sessions on climate change that are accessible for all our employees. We have a growing employee network called Green ASML with over 2,000 people that think along on climate change (and other ESG-related) topics. With the execution of our climate strategy we aim to address the material climate related transition risks identified and aim to leverage the opportunities identified in the medium term.

We need to continue these efforts in the short, medium and long term, to maintain the ability to adjust or adapt our strategy and business model where relevant or needed in relation to climate change. Another next step is the further integration of climate-related risks and opportunities in our business continuity processes. In our business continuity processes we determine the value at risk for our key manufacturing sites in case of, for example, downtime of production processes or loss of a manufacturing site due to man-made or natural disasters. By further integrating climate-related risk events in this process, we can determine anticipated financial effects in the future. We anticipate aligning these processes next year as it would also provide us with a better understanding of the effects of our risk mitigation measures. With better data and a robust methodology, we will gain more insight into the resilience of our business model and strategy. This analysis will be conducted annually to identify risks that are not yet known or not yet considered material, and that could significantly impact our business objectives, financial condition, results, operations and reputation.

Climate Transition Plan

We want to reduce our climate impacts, working closely with our partners and peers in the entire semiconductor value chain – in our own operations together with our suppliers, in our customers' production processes, and through reducing the energy used by semiconductors in operation by enabling scaling. We aim to reach our target of greenhouse gas neutrality across our value chain by 2040 in stages. We aim to achieve this across our manufacturing and buildings (scope 1 and 2) and for business travel and commuting (scope 3) by 2025, in our supply chain (scope 3 upstream) by 2030, and from the use of our products and services by customers (scope 3 downstream) by 2040.

Our Climate Transition Plan, included in our Annual Report, is our strategic roadmap that underpins our ambition to align with the goals of the Paris Agreement, which states that to keep global warming below 1.5°C, greenhouse gas emissions need to be reduced by 45% by 2030, and reach net zero by 2050. Specifically, we are committed to play our part in limiting global warming to 1.5°C, and therefore we determined climate change ambitions to drive action toward greenhouse gas neutrality:

- By 2025, we aim to become greenhouse gas neutral for our own scope 1 and 2 emissions, business travel and commuting.
- By 2030, we aim to become greenhouse gas neutral in our supply chain (including logistics).
- By 2040, we aim to become greenhouse gas neutral across our entire value chain.

We are a signatory to the Science Based Targets initiative (SBTi) and we have SBTi-approved near-term gross targets for 2025, in line with the 1.5°C scenario. In 2024, we continued our short-term SBTi targets, which we aim to reach by 2025. In 2025, we aim to submit our near-term target toward 2030 to SBTi for continuation, and our long-term target toward 2040, which implies that we aim to reduce our absolute scope 1 and 2 emissions by 90% by 2040 and scope 3 emissions intensity per gross profit by 97% by 2040 compared to our base year 2019.

Our two SBTi-approved near-term targets are:

- Reduce absolute scope 1 and 2 gross GHG emissions by 25.2% by 2025 from a 2019 base year
- Reduce scope 3 gross GHG emissions 35.3% per €m gross profit by 2025 from a 2019 base year

Read more in: ASML Annual Report 2024 – Sustainability statements – Environmental – Energy efficiency and climate action – Climate Transition Plan

TCFD Report: Climate-related disclosure (continued)

Risk management

Disclose how the organization identifies, assesses and manages climate-related risks.

Recommended disclosures:	<ol style="list-style-type: none"> Describe the organization's processes for identifying and assessing climate-related risks. Describe the organization's processes for managing climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.
--------------------------	---

As described in detail in the Strategy section, we have performed a qualitative assessment of our climate-related risks and opportunities across our value chain. This assessment includes a consideration of relevant physical and transition risks across two climate scenarios, which has enabled us to gain a qualitative understanding of the relative significance and potential financial impacts on our business of different risks under each scenario.

Read more in: Strategy.

Moreover, climate risk is integrated into our existing ERM process. This means that risks are identified, analyzed and evaluated, with relevant financial and non-financial risk factors plotted into our risk landscape. The risk landscape contains the risk exposure as well as the main risk response (mitigating action). Both are discussed with the Board of Management and Supervisory Board. This ERM process ensures that actions to mitigate risk are monitored through reporting and operational reviews.

Such an integration is possible despite the specific characteristics of climate-related risks, such as the long timeframe in which they may materialize, since ASML's ERM framework has the flexibility to include long-term risks. The process for prioritizing and deciding on actions for climate-related risks is thus the same as for other risks. The Chief Executive Officer is the risk owner for climate-related risks and raises relevant risks to the Compliance, Ethics, Security and Risk Committee.

Read more in: ASML Annual Report 2024 – Strategic report – Risk – How we manage risk and Risk Factors

Climate-related risks are integrated into ASML's risk universe. ASML is proactively managing its exposure to transition risks and trying to anticipate their effects on the company reputation and financial performance. One key initiative has been the establishment of climate-related targets aimed at mitigating the potential costs associated with climate policies and carbon taxation. From a physical risk perspective, several actions have been taken to mitigate the potential effects of climate-related risks. These actions include incorporating extreme weather considerations into the upgrade and design of new buildings, implementing insurance to address financial implications of physical climate risks, developing backup plans to ensure business continuity, and managing other risks such as flooding and windstorms.

Read more in: Metrics and Targets.

For more details of the relevant risk terminology deployed please refer to the 'Strategy' section.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Recommended disclosures:	<ol style="list-style-type: none"> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
--------------------------	---

ASML uses several metrics to assess and manage climate-related risks and opportunities and measure progress against targets. For the specific metrics, please refer to the relevant sections and subsequent KPI tables in the Annual Report 2024 (referenced below).

Read more in: ASML Annual Report 2024 – Strategic report – Risk – How we manage risk and Risk Factors

Climate and energy

We assess our GHG emissions and energy consumption (refer to the sections referenced below for our disclosures on GHG emissions). We have adopted targets to manage our GHG emissions footprint and energy use and their related climate-related risks. Our Climate Transition Plan is our strategic roadmap that underpins our ambition to align with the goals of the Paris Agreement, which states that to keep global warming below 1.5°C, greenhouse gas emissions need to be reduced by 45% by 2030, and reach net zero by 2050. Limiting our carbon footprint and energy consumption along the value chain decreases our vulnerability to both transition and physical risks.

Read more in: Strategy & ASML Annual Report 2024 – Sustainability statements – Environmental – Energy efficiency and climate action – Climate Transition Plan

Water management

Even though water-related risks are not identified as material for our own operations, we do have water management metrics in place which allow us to manage climate-related risks. We measure the (ultra-pure) water consumption at our sites, the percentage of recycled and reused water, and the water intensity. This allows us to limit our water-related physical climate risks even further, since our operations will be less vulnerable to the effects of droughts and water stress.

Read more in: ASML Annual Report 2024 – Sustainability statements – General disclosures – Water usage in the semiconductor industry

Remuneration

Remuneration policies can provide an important incentive for achieving climate-related targets. Our performance in ESG is part of the long-term incentive (LTI) plans of our Board of Management and senior management. For the performance period 2022–2024, the focus of the LTI is on, among others, product energy consumption. Therefore, EUV energy use per wafer pass is included in the LTI performance measures and target setting. For the performance period 2024–2026, the sub-target to receive commitment of the top 80% suppliers (based on CO₂e emissions) to reduce their CO₂e footprint by 2030 is part of the LTI. Our product energy efficiency strategy allows us to manage the vulnerability to transition risks in a 1.5°C scenario.

Read more in: ASML Remuneration Policy Board of Management 2024

TCFD Report: Climate-related disclosure (continued)

Special note regarding forward-looking statements

This document and any related discussion contains statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to climate change related risks, anticipated financial effects of identified material risks and opportunities, the potential impacts of greenhouse gas emissions, climate change and transition and related risks on ASML, the potential impact of climate change regulation and policies, climate change related plans and strategies, including our climate transition plan and ESG sustainability and emissions reduction strategy, potential climate change opportunities, scenarios for different global temperature increases and heatmap exercise, sustainability and other TCFD targets and climate-related targets, goals and ambitions, including our greenhouse gas (GHG) neutrality goals and target dates to achieve such goals and other non-historical statements.

You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue", "target", "ambition" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions, strategies, goals, targets and ambitions and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance or results and involve risks and uncertainties. These risks and uncertainties include, without limitation, risks relating to climate change and related regulation and policies, risks relating to our ability to meet and achieve our sustainability, GHG neutrality and other ESG goals and targets and risks related to our ability to execute our climate related plans and strategies including our ESG sustainability strategy and the risk factors included in ASML's most recent Annual Report on Form 20-F and other filings with and submissions to the US Securities and Exchange Commission. These forward-looking statements are made only as of the date of this document. We do not undertake to update or revise any forward-looking statements after the date of this document, whether as a result of new information, future events or otherwise or to conform such statements to actual results or revised expectations, except as required by law.

Regarding emission reduction targets

This document contains statements relating to our approach to and progress on achieving certain energy efficiency and greenhouse gas emissions reduction targets, including our ambition to achieve greenhouse gas neutrality.

References to "greenhouse gas neutral" means remaining emissions, after ASML's efforts to reach its GHG emission reduction targets, are compensated by the same amount of metric tons of carbon credits that are verified against recognized quality standards.

Unless otherwise indicated, information contained in this document concerning greenhouse gas emission reduction targets is based on our internal environmental management system implemented to monitor energy use and emissions, as well as publicly available information, including the guidance from the Greenhouse Gas Protocol for the calculation of the GHG emissions, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and certain conversion factors.

Given that such data is derived from various sources, is processed differently across our operating subsidiaries and departments, and depends on certain estimates and assumptions, there is an inherent degree of uncertainty in the estimations of such data. You are cautioned not to give undue weight to such data.

Forward-looking information concerning greenhouse gas emissions and greenhouse gas neutrality are subject to qualifications and the uncertainties as set forth under "Special note regarding forward-looking statements" in this document.