

ASML Holding N.V.

TICKER

ENXTAM:ASML

MARKET CAPITALIZATION

US\$87 billion

HEADQUARTERS

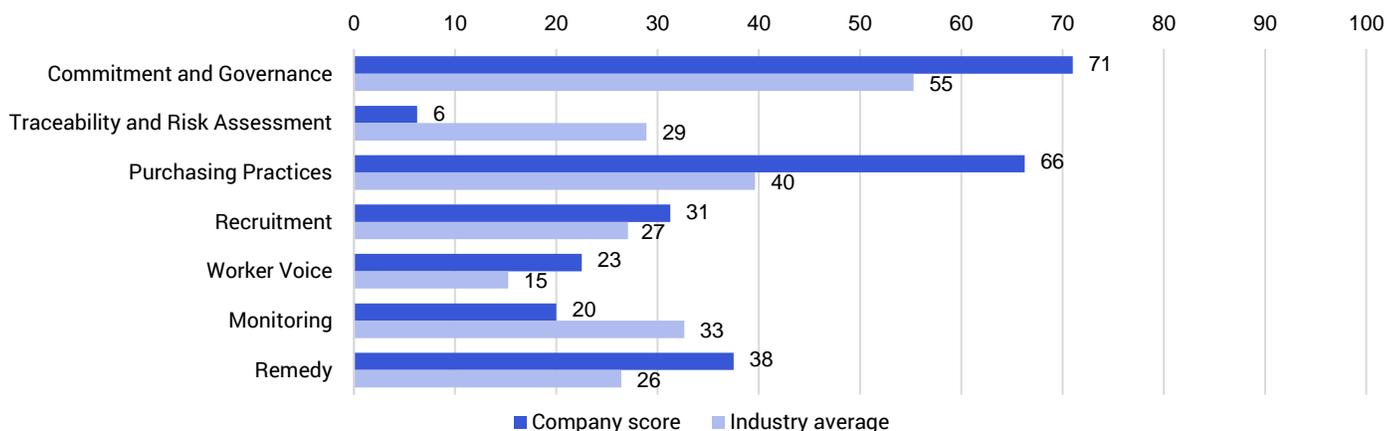
Netherlands

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Disclosure available, but not compliant](#)
COMMITMENTS
[Yes](#)
OVERALL RANKING
16 out of 40

(2016: 15 out of 20)

OVERALL SCORE
36 out of 100
SUMMARY

ASML Holding N.V. (ASML) ranks 16th out of 40 companies disclosing more information on its forced labor policies and practices than its peers on all themes except traceability and risk assessment and monitoring. It has improved its score by ten points since 2016 by disclosing a supplier code of conduct on its website. The company uses the code of the Responsible Business Alliance (RBA) which includes provisions on recruitment fees and migrant workers and is available in several languages. The company has also disclosed details on how it engages with the RBA, and a process to assess forced labor risks at potential suppliers prior to entering into contracts. Notably, the company provides details on how it supports suppliers to address non-compliances. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of traceability and risk assessment, worker voice, and monitoring.

THEME LEVEL SCORES


LEADING PRACTICES

Corrective Action Plans: ASML discloses that any non-compliances identified are communicated to suppliers via non-conformity reports, tracked internally in a central database, and that risk remediation plans are implemented "in close cooperation" with the supplier. To help suppliers resolve non-compliances, ASML states to hold in-depth discussions with suppliers on key performance indicators, on how to implement whistleblowing procedures, and on how ASML addresses issues internally.

NOTABLE FINDINGS

Commitment and Governance: ASML disclose that it has an ethics program in place, which includes initiatives to "foster ethical behaviour", a compliance function, and a corporate risk management function which also focuses on assessing the risk that its supplier code of conduct is breached. Further, the company reports it has a quality and process improvement department responsible for auditing suppliers as well as a supplier account team to help suppliers meet sustainability requirements. In addition, ASML reports to have established an internal "Ethics Board" which is chaired by its CEO and which oversees and implements the ethics program. ASML states that procurement managers with direct responsibility for supply chain management received initial RBA Code of Conduct compliance training, including training on how to assess and mitigate related risks. ASML further discloses it is a member of and actively participates in the RBA, for example through weekly calls with the initiative's 'Task Force for Transparency in the Supply Chain' which focuses on standardizing reporting on sustainable supply chain management.

Purchasing Practices: ASML discloses that meeting its sustainability criteria (which include forced labor) is a prerequisite for suppliers to be selected, noting that there is a defined threshold level of compliance with each of the provisions of its supplier code. Further, ASML states that it has included clauses concerning sustainability and the RBA Code into contractual long-term supplier agreements. ASML states that it wants its second-tier suppliers to meet its standards and therefore asks its first-tier suppliers "to follow our example and to cascade this approach into the next level to cover the whole value chain".

Remedy: ASML discloses the steps it takes to address grievances submitted by employees and business partners, including those related to human rights. The company also provides some indication of the timelines of this process. The person submitting a grievance receives a confirmation of receipt within five working days and is informed about the admissibility of the complaint after a further two weeks. On average, closure of a grievance can be expected after two months.

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: To demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of first-tier suppliers, the countries of below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor, and information on its suppliers' workforce. The company is further encouraged to assess forced labor risks across its supply chains and disclose the risks identified.

Worker Voice: To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. While the company has a publicly available grievance line, it is encouraged to ensure this mechanism or another a formal grievance mechanism is communicated to, trusted and used by suppliers' workers.

Monitoring: While the company discloses that it sends self-assessment questionnaires to suppliers, the company may consider adopting and disclosing a supplier monitoring process to verify that its suppliers are compliant with its standards, including provisions on forced labor. Implementing specific practices, such as

interviewing workers and conducting unannounced audits of suppliers may help the company detect forced labor risks in its supply chains. Disclosing information on the results of its supplier audits, such as the percentage of suppliers audited annually or a summary of findings, assures stakeholders that the company has strong monitoring processes in place.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#), including information on the company's business model.