



# NOVA ESG INSIGHT REVIEW

2022





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# WE ARE NOVA







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Nova's sustainable growth over the years, is based on our ability to combine our unique people-focused culture, with our distinctive innovative technology and our social engagement programs, that contribute to the societies around us.

We are working to build our culture to be a strong fundamental of our daily operation. We aim to foster a culture that strengthens people engagement, promotes a safe environment, encourages transparency, creates growth opportunities, and bolsters empowerment and self-fulfillment. Nova's culture, which unites more than 1,000 employees across the globe, helps us reach out and expand our circles of influence with the aims of benefitting our society and our ecosystem in general.

It all starts from within. We are driven by a sense of responsibility, our company mission, DNA and above all, confidence in our ability and desire to act, make an impact and bring a positive change.

We believe environmental, social, economic and geopolitical challenges across the globe should drive companies to better their business success and growing their position to develop and protect the communities and the environment they operate in. At Nova, we recognize these global challenges and believe it is our responsibility to respond to them by working towards progress on equality, inclusion, diversity and environmental consciences.

Inspired by Nova's culture and an analysis conducted in 2021-2022, we are working towards embedding ESG principles and goals into our operating model, business management and decision-making processes

- leveraging our journey from "Dream to Win", which are our core values.

As part of the growing semiconductor industry, we are taking active part in the digital transformation which is impacting every aspect of our lives. Semiconductors' development and manufacturing drive this transformation and are becoming more crucial than ever before. Together with the industry that propels this transformation, we are working towards advancing a sustainable and equitable environment.

Our ESG strategy is composed of four pillars whereby we apply our talent, passion, and values. These include Governance - elevating ethical and corporate governance methods; People and Social Impact - with a focus on both the individual and the surrounding communities; Innovative Approach - connecting technical road map to unique culture for long-term impact; Environment and Supply Chain - managing efficiently footprint, energy and sustainable supply chain. As part of our recent launch of Nova's \$1 billion long-term strategic plan, we aim to adopt ESG principles as a key strategic guideline. Our goal is to establish measurable metrics that will enable us to track our continuous growth in this area and evaluate our ESG progress.

As we progress in this journey, we are filled with enthusiasm, a sense of responsibility and confidence in our partnerships with our employees, customers, suppliers, and communities.



**Eitan, Gaby**



**Eitan Oppenheim**  
Executive Chairman of the Board,  
former President & CEO



**Gaby Waisman**  
President & CEO





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Nova's approach to ESG allows us to combine sustainability with growth. This is Nova's first ESG Insight review. It details our focus on transparency with our stakeholders by providing them insights into our environmental, social, and governance compliance practices and progress. As the nature of this review is based on data collection and progress over time, this review will focus on the initial steps the company aims to take to establish a thorough, long-term reporting methodology.

In the process of developing this review, we have taken account of general recommendations from leading global and industry-specific reporting standards. These include the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) guidelines and the United Nations Sustainable Development Goals (SDGs).

As part of our vision and values, we aim to support our employees and promote ethical and respectful behavior. We also aim to support our stakeholders and the communities in which we operate and through innovative leadership we are focused on creating an environment for growth, while being mindful of the environment around us.

During 2022, we began a strategic process to analyze our global social responsibilities and environmental impacts as a company. During this process we formed a board committee to oversee and guide the company's ESG activities, the Nominating, Governance and Sustainability Committee. This committee works closely with Nova's management and its steering committees to set the company's goals and reporting methods.

Following the thorough analysis that was conducted this review aims at the following:

**Identifying ESG aspects for the company and its stakeholders.**

**Reviewing our current activities in each of the ESG related elements.**

**Analyzing gaps in our ESG performance versus common benchmarks.**

**Setting ESG guidelines and goals to continue improving our compliance and social impact in all our key sites including in Israel, U.S., Taiwan, Germany, China and Korea.**

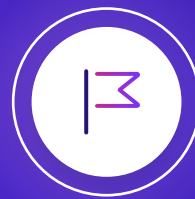
**For more information about this review or our company's ESG practices, please contact:**

**[ESGinsights@novami.com](mailto:ESGinsights@novami.com)**





# Key Facts



**1993**  
Nova Founded



**1,100+**  
Employees



**4,500+**  
Active Systems



**Global Presence**  
HQ in Israel, Global Offices



**Research & Development**  
Israel, USA, Germany



**200+**  
Customer Sites





Nova is a leading innovator and key provider of material, optical and chemical metrology solutions for advanced process control in semiconductor manufacturing. Nova delivers continuous innovation by providing state-of-the-art high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, provides its customers with deep insight into developing and producing the most advanced semiconductor devices. Nova's unique capability to deliver innovative optical, material, and chemical process control solutions enables its customers to improve performance, enhance product yields, accelerate time to market and reduce rework and waste.

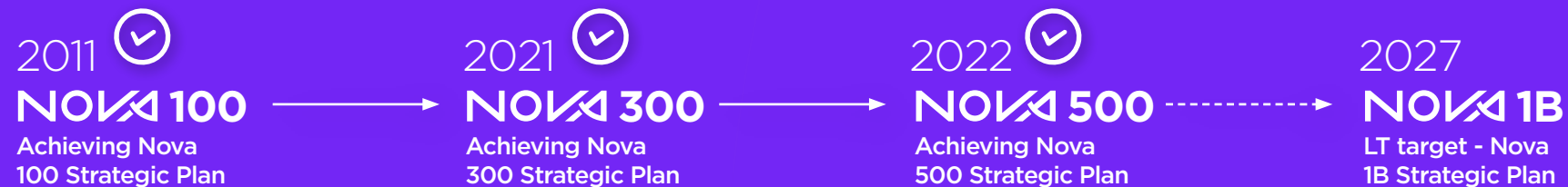
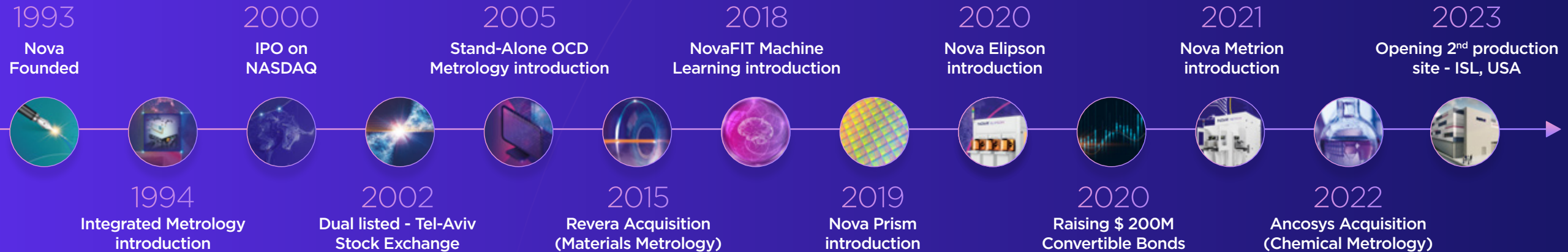
Our product portfolio includes a complete set of metrology platforms suited for dimensional, films, materials, and chemical metrology measurements across various semiconductor manufacturing process steps. Our product lines span over multiple technologies and address critical challenges in semiconductor manufacturing process control across segments and technology nodes.

Nova proudly serves numerous leading manufacturers in every segment of the integrated circuit manufacturing industry, including logic, foundry, and memory across Asia, Europe, and North America. Our portfolio includes solutions for front-end, back-end, and advanced packaging process steps.

We view our customers as partners and work together with them to craft innovative process control solutions to improve performance, enhance product yields, accelerate time to market and provide a deep insight into the development and production of the most advanced semiconductor devices.

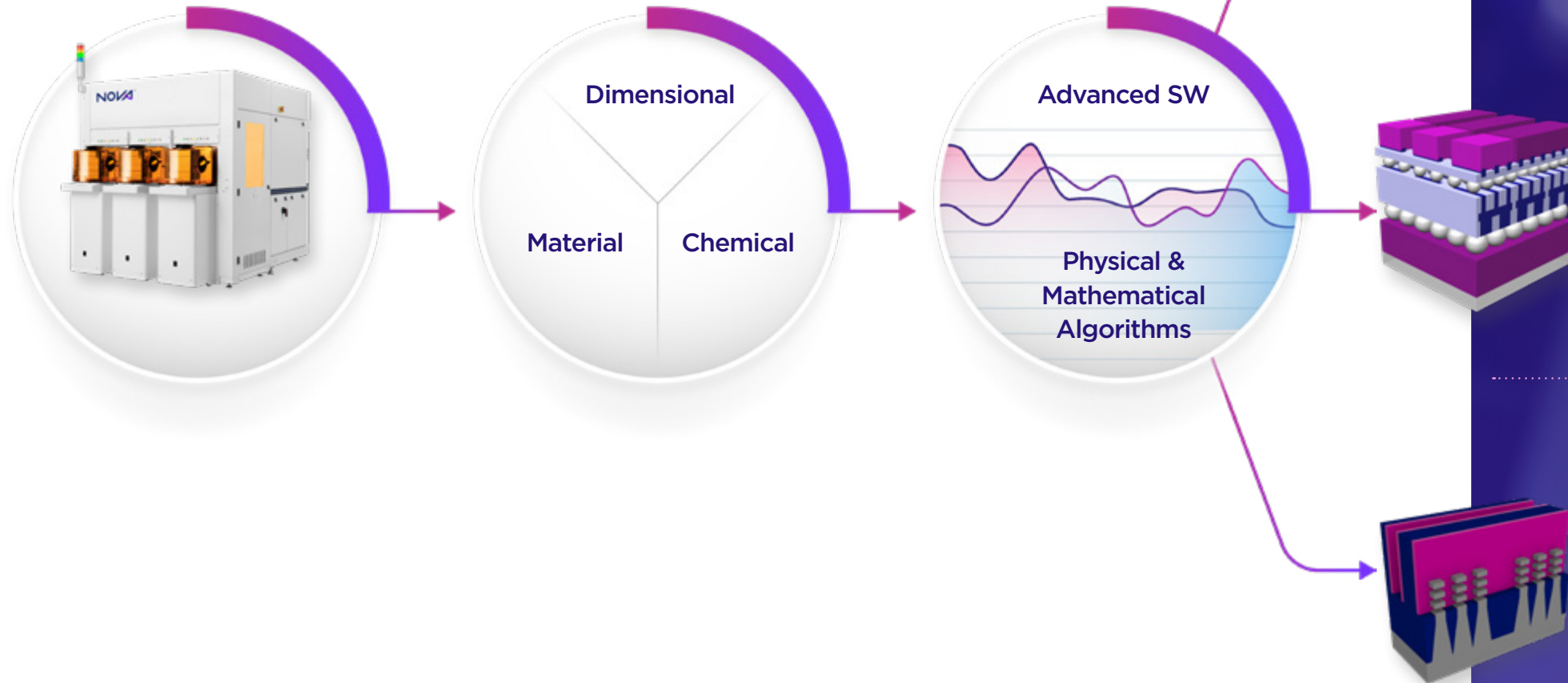
Nova acts as a partner to semiconductor manufacturers from its key sites worldwide. Our close collaboration with our customers allows us to innovate advanced solutions that help with digitizing our world, improving communication and wellbeing, supporting sustainable industries and shortening manufacturing time to save resources and reduce carbon emissions and waste.

## OUR HISTORY





**Revealing the invisible**  
Actionable Insight, Critical Foresight



**Memory**

64 Layers x6 Layers 400

**Packaging**

Flip-Chip Bump <300µm x30 I/O Pitch 3D-SOC <10µm

**Logic**

A4 150M x100 Transistors A15 16B





# COMPANY'S VALUES

## Our aim is to strive for excellence and sustainable growth

Our business and social responsibilities are defined and guided by our core values. These values were crafted through a cooperative effort within our organization, taking into account the collective experiences and perspectives of our team. Our aim is to strive for excellence and sustainable growth. We encourage our employees to bring these values to life every day through their actions and decisions.



### Our Values





# ESG VISION AND STRATEGY





# OUR ESG STRATEGY

## OUR VISION

**To become an active influencer in creating a more sustainable and equitable future.**

We aim to adopt a holistic and responsible approach to improve sustainability and its impact on our surroundings. We are also working towards implementing comprehensive methods to incorporate our ESG strategy across our activities, in hope to create an impact as a corporation and as individuals.

At Nova, we aspire to contribute to society and our planet by providing unparalleled process insights that enable manufacturing efficiencies in the semiconductor value chain. We believe these efficiencies provide tangible environmental benefits through reduction in the consumption of raw materials and harmful chemicals. We strive

toward improving the economics of manufacturing and increasing society's accessibility to technology in the digital age. At the very heart of our culture lies a sense of purpose to continuously stand at the forefront of innovation. Through collaboration with our stakeholders, we bring both insight and foresight that help transform the world.

We believe our pragmatic approach supports our initiative to interlace ESG practices across our daily operations, including into our culture,

products, business, supply chain, customers, R&D and manufacturing. Our ESG strategy is built around four pillars. Within each of these pillars, we

have defined long term goals and areas of focus. Our annual planning will be focused on plans and investments that align with these goals.

### Our Four Pillars



#### Governance

as our compass



#### People First

the individual as a whole & our community as our home



#### Innovation

as our mission



#### Environment

as our obligation



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## Governance Guidelines & Goals



**Governance: as our compass - Elevating our ethical and ESG oriented management and behavior.**

- 1 Develop and publish a company-wide Data Privacy Policy by end of 2023. Thorough implementation in 2024 across major sites.
- 2 Implement online training modules to monitor compliance and awareness of Nova's governance policies.
- 3 Annual ethics training to all employees globally covering the Code of Conduct, Insider Trading Policy and Anti-Bribery. 90% of global employees to confirm training.
- 4 To sustain the integration of an Environmental, Social, and Governance (ESG) orientation, all senior management will participate in yearly ESG training to review and assess annual ESG guidelines and plan.
- 5 The company will release ESG reviews at least once every two years to evaluate progress and adherence to guidelines.

## Social and People Guidelines & Goals



**People First: The individual as a whole & our community as our home - Empowering and engaging our employees of all types and backgrounds to grow, learn and make an impact**

- 1 Increase global gender representation of women to 30-40% of the employee population by 2027 with emphasis on growing the representation of women in technical and managerial roles.
- 2 Work towards creating a more diverse workforce globally - establish in 2023 a strategic long-term plan to grow our exposure to more diverse populations including growth KPI towards 2027.
- 3 Achieve 95% employee participation rate in annual performance review to analyze and initiate personal training programs.
- 4 Strive for implementation of accessible work environment according to local regulations at Nova's key sites covered in this report by end of 2024.
- 5 Work towards creating a more engaged workforce where employees report high levels of engagement & sense of belonging - frequent checkpoint survey to monitor satisfaction and engagement growth.
- 6 Enhancing employee growth through educational and personal advancement opportunities. By 2027, all employees in key positions are expected to have a personal development plan that includes a minimum of 30 hours of yearly training.
- 7 Internal mobility within the company will be integrated as a crucial aspect of employee career progression and company growth. The goal is to fill at least 25% of job vacancies through internal mobility.
- 8 Expand our presence in local communities through charitable donations, determined by the company's Annual Operating Plan.





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## Environment Guidelines & Goals



**Environment: as our obligation - Supporting the environment by managing our footprint and energy resources**

- 1 Attempt to improve climate affect during production cycle Analyze and implement a program to decrease GHG impact per tool.
- 2 Reducing waste and increasing recycling methods. Establish baseline during 2023 and create a clear plan for annual improvement in all selected sites.
- 3 Reducing our environmental footprint. Map and calculate scope 1-2 GHG emissions inventory and baselines in designated sites in 2023 and establish long term for improvement.
- 4 Establish a long-term plan to convert traditional energy consumption with 50%-70% renewable energy in designated sites.
- 5 Focusing on our employees' health and safety through EHS (environment, health, safety) protocols across all our production sites by 2024, including ancosys recently acquired sites.
- 6 Establish environmental standards for Nova's future facilities expansion across the world by adopting the local standards for buildings and facilities.

## Innovation Guidelines & Goals



**Innovation: as our mission - Connecting our innovation efforts to sustainability and long-term impact:**

- 1 Analyze Nova's product portfolio and design long term plan to grow the usage of lower-impact materials as part of the production cycle.
- 2 Enhance our PLC (Product Life Cycle) process with clear definitions for energy efficiency metrics.

## Supply Chain Responsibility Guidelines & Goals

**Building a resilient, diverse and sustainable supply chain:**

- 1 Refining our suppliers' qualification and ongoing performance scorecards to include ESG related indicators.
- 2 All suppliers will be expected to comply with the Responsible Business Alliance (RBA) Code of Conduct, encompassing worker rights, secure and healthy work conditions, compliance with relevant environmental and labor laws, responsible sourcing of metals and minerals, and ethical business practices, among others. Requiring 85% compliance from tier 1 suppliers through annual confirmation surveys.



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## Governance: as our compass

We strive to create an ethical and safe workplace for our employees, as grounded in our internal Code of Conduct. We aim to emphasize integrity, ethics, and governance as core values to support our engagement with all our stakeholders.

### Corporate Governance

- Our Board of Directors
- Audit Committee
- Nominating, Governance and Sustainability Committee
- Compensation Committee

### Business Ethics and Integrity

- Code of Conduct
- Whistleblower Policy
- Corruption and Anti-bribery
- Trading Compliance
- Employee Engagement and Awareness
- Cybersecurity and IP Protection
- Personal Data Protection

### ESG Governance Structure in Nova



**Decent Work and Economic Growth**



**Peace, Justice and Strong Institutions**







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## People First: the individual as a whole & our community as our home

We aim to build a diverse organization and to expand our teams with talent from different backgrounds and with a diversity of thought. We work to foster an inclusive, open-minded, transparent and accepting environment so that everyone is seen, heard, and feels valued and respected. We seek for our employees to feel a sense of belonging and protection in the workplace. We strive to create opportunities for our employees to grow and make an impact. We are also connected to the communities around us, striving to provide them with resources to promote equality, belonging, and self-worth just as we aim to support our own employees.

### Employee Development

- Training Opportunities
- Academic Studies
- Leadership Imperatives
- Career Development
- Development through Internal Mobility
- Technical and Managerial Development

### Diversity, Equity, Inclusion & Belonging

- Accessible Workplace
- Employees Resource Groups
- Recruitment
- Equality Insights

### Protective Work Environment

- Clear and Open Communication with Stakeholders
- Engaging Workplace
- Employees Wellbeing
- Health & Safety

### Community Impact

- Charitable Contribution
- Volunteering



Gender Equality



Decent Work and Economic Growth





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## Innovation: as our mission

We aim to cultivate a culture of innovation to advance technology and support chip manufacturing and process control transformation for a more efficient, connected and equal society.

### Innovate to Transform

- Innovation Foresight
- Process insight to transform technology

### Innovation Framework

- Internal and External Initiatives
- Innovating from within
- Nurturing the next generation
- A foundry for the future
- Expanding our impact

### Diversifying our Growth

- Diversification through Innovation
- Advancing Innovation - Lab to Fab
- R&D investment

### Intellectual Property Management

#### Innovation through M&A

- Revera: proliferation of a New Industry-Wide Standard
- Ancosys: Innovative Approach to Managing Environmental Impact



**Industry, Innovation and Infrastructure**



**Responsible Consumption and Production**







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## Environment: as our obligation

We strive to play our part in building a better future by reducing direct environmental impact and making a positive effect on the planet.

### Climate and Energy

- Energy Efficiency

### Resource and Waste Management

### Product Quality & Safety

### Supply Chain Stewardship

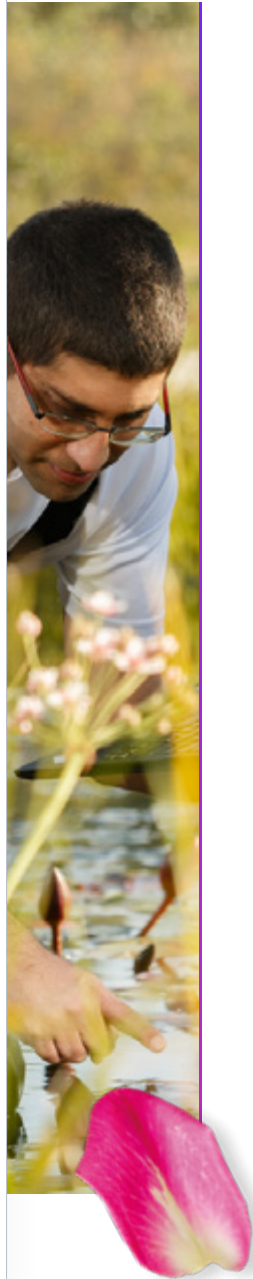


**Industry, Innovation and Infrastructure**



**Responsible Consumption and Production**



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## Key ESG Assessment Scope

Following a thorough analysis that was conducted with multiple stakeholders (BOD, customers, suppliers, investors, analysts and more), we concluded our initial ESG significance assessment in 2022.

In this report, for the first time we conducted an ESG significance assessment to identify and prioritize ESG aspects relevant to our business. We believe setting ESG priorities for Nova is important for developing our strategy and focusing on areas we can have a high impact.

The ESG significance assessment was based on a peer benchmark review, industry practices and investors' interest. Our goal was to identify the areas with significant impact, while reducing risks and focusing our efforts to improve business conduct in impactful ways.

The ESG significance assessment was led by Nova's internal steering committee and was reviewed by our Nominating, Governance and Sustainability Committee.

As a result of such, the following issues have been identified and will be considered within this report.







## Key ESG Assessment Scope

### Nova's Priority ESG topics

#### Governance

- Governance compliance
- Data Privacy & cyber security
- Ethical business practices
- Product safety and quality
- Supply Chain and Procurement Management

#### Social

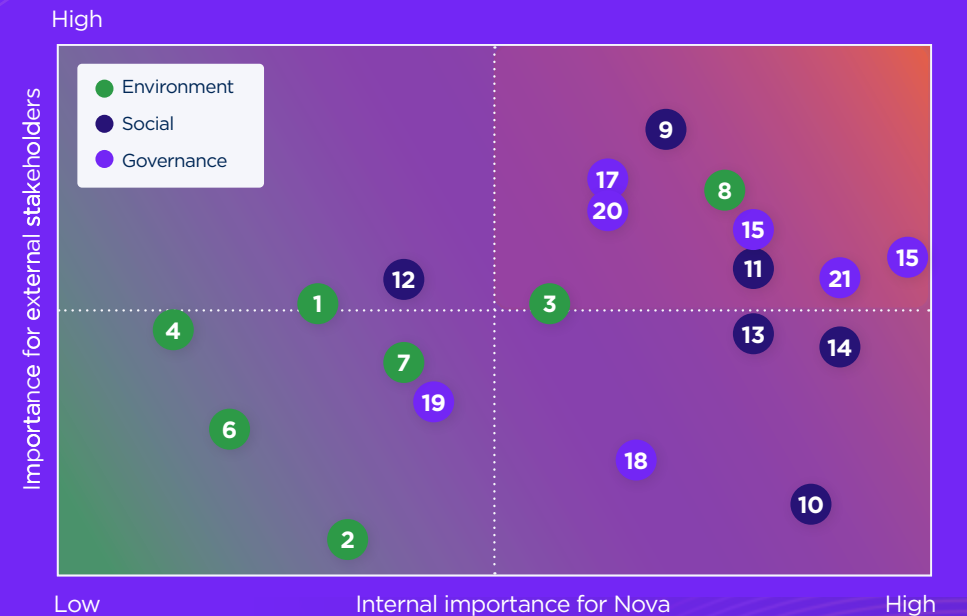
- Talent Attraction & Retention
- Diversity, Equity and Inclusion
- Human capital development
- Occupational health and safety

#### Environment

- Environmental management - Energy, water, waste
- Carbon footprint and GHG emissions

\* The topics represented in the list above are not organized by priority or preference rather than the main topics to be detailed in the following review

### Significant Topics Matrix



- |                                                       |                                            |
|-------------------------------------------------------|--------------------------------------------|
| 1 Carbon footprint and climate change (GHG emissions) | 12 Human rights                            |
| 2 Climate Risk Management                             | 13 Human capital development               |
| 3 Energy management                                   | 14 Talent Attraction & Retention           |
| 4 Waste Management                                    | 15 Ethical business practices              |
| 5 Water and wastewater management                     | 16 Future Regulatory compliance            |
| 6 Sustainable products                                | 17 Supply Chain and Procurement Management |
| 7 Hazardous Materials Management                      | 18 Communication with stakeholders         |
| 8 Innovation                                          | 19 Anti-competitive practices              |
| 9 Occupational health and safety                      | 20 Product safety and quality              |
| 10 Social and community action & impact               | 21 Data Privacy & cyber security           |
| 11 Diversity & equality (DEI)                         |                                            |

\* The analysis was conducted by external 3rd party consultant that contacted Nova's various stakeholders to review their priorities and expectations



# GOVERNANCE: AS OUR COMPASS





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## Corporate Governance

At Nova, we are focused on building a corporate culture based on integrity and transparency. We believe responsible governance and strong ethical values are important to Nova's path towards sustainability. By implementing policies and procedures, we believe we can maintain a strong governance structure that meets the interests of our stakeholders.

We understand that success goes beyond financial performance, great innovation and customer satisfaction. To truly thrive, we believe it is essential to be mindful of ethical performance and sound governance practices. This helps build trust with stakeholders and contribute to the overall well-being of our employees and societies.

As a company, we believe it is important for us to consider the impact of our actions on our stakeholders, including employees, customers, shareholders, and the greater community. Our governance policies are implemented and enforced globally and reviewed on a regular basis according to relevant rules and regulations.





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## Our Board

Our Board of Directors is responsible for overseeing the company in accordance with relevant laws and our corporate governance standards and company policies. Nova's Board of Directors is comprised of seven members, who all have extensive professional background in our industry or from leading Israeli companies traded on the Nasdaq. Three of our board members are women and six are independent directors. In 2022, we were proud to report that our board members were consistently engaged in overseeing our organization, as demonstrated by an attendance rate of over 90% with respect to the thirty (30) meetings of the board and committees that were held over the year.

In order to promote responsible governance throughout our business operation, the Board has established several committees to oversee certain aspects of the company's activities. Our board has an age range between 54 and 79 years with tenure ranging between 1 to 18 years.

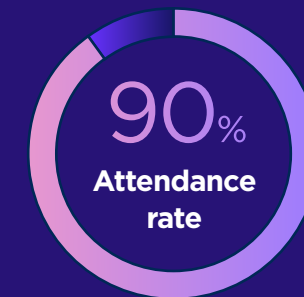
## Committees of the Board

The Board has three standing committees, each of which has specific oversight responsibilities for different aspects of the business. The committee charters outline their areas of responsibility. Management updates the Board and its committees on Nova's operations, finance, businesses, employees, strategy, various aspects of the supply chain and more, according to the board charter and requests.

## Audit Committee

The Audit Committee consists of four members, all of whom are independent under U.S. Securities and Exchange Commission rules and related NASDAQ Stock Market listing standards. This committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing financial information, internal controls, and the financial audit process. Additionally, the committee is responsible for overseeing Nova's independent auditors' and the implementation of internal enforcement plans and governance policies. The committee meets on a regular basis. For more information, see the [Audit Committee Charter](#) available on the Investor Relations page of our website.

## 2022 Board Activity



in  
30  
Board  
meetings





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### Nominating, Governance and Sustainability Committee

In 2022, in recognition of our focus on ESG issues, Nova expanded the role of its Nominating Committee and renamed it to the Nominating, Governance, and Sustainability Committee. Under its current charter, the committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the nomination process of management and board members to their respective positions in the board, its committees and management roles.

The committee also advises the Board of Directors on social responsibility issues, including the oversight of Nova's policies related to ESG. The Committee consists of three members, all of whom are currently independent under U.S. Securities and Exchange Commission rules and related NASDAQ Stock Market listing standards. For more information, see the Nominating Governance and [Sustainability Committee Charter](#).

### Compensation Committee

The Compensation Committee is composed of four members, all of whom are currently considered independent under U.S. Securities and Exchange Commission regulations and related NASDAQ Stock Market listing standards. Under its current charter, the committee assists the board of directors in fulfilling its oversight responsibilities regarding the compensation packages (equity, base and any variables) of Nova's officers and directors. The committee's goal is to oversee the development and implementation of compensation policies that are appropriate for the company, considering all relevant internal and external factors, which align with the company's long-term strategic plans. For more information, see the Compensation Committee Charter.

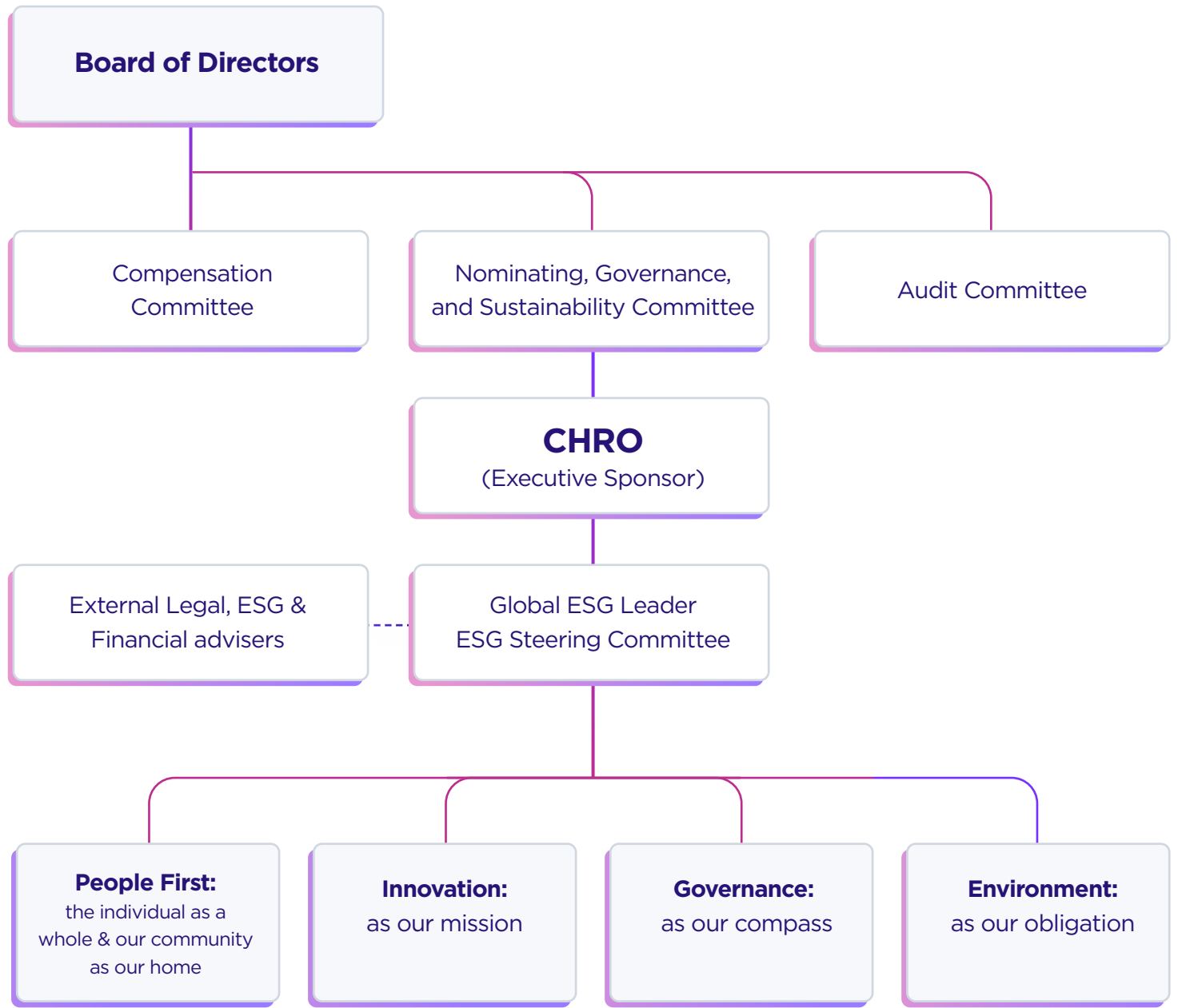
For further details on the Company's Board of Directors and committee practices, see our 2022 Annual Report ([Form 20-F](#)), available on our [website](#). The contents of this website are not incorporated by reference in this report.





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## ESG Governance Structure in Nova



Nova has established a management level ESG Steering Committee so that ESG issues are being addressed effectively and receive appropriate attention and prioritization at the company level. This committee is made up of leaders from various areas of the business, and is responsible for developing strategies and initiatives to achieve the company's ESG goals.

The overall activities related to ESG is driven and managed by a nominated ESG Leader advising the CHRO, who was nominated as the company interface to the Nomination and Sustainability committee.

The Nominating and ESG Committee provides oversight for the ESG policies and strategy implementation and has been granted the mandate to monitor Nova's long term and annual guidelines and results related to ESG matters.

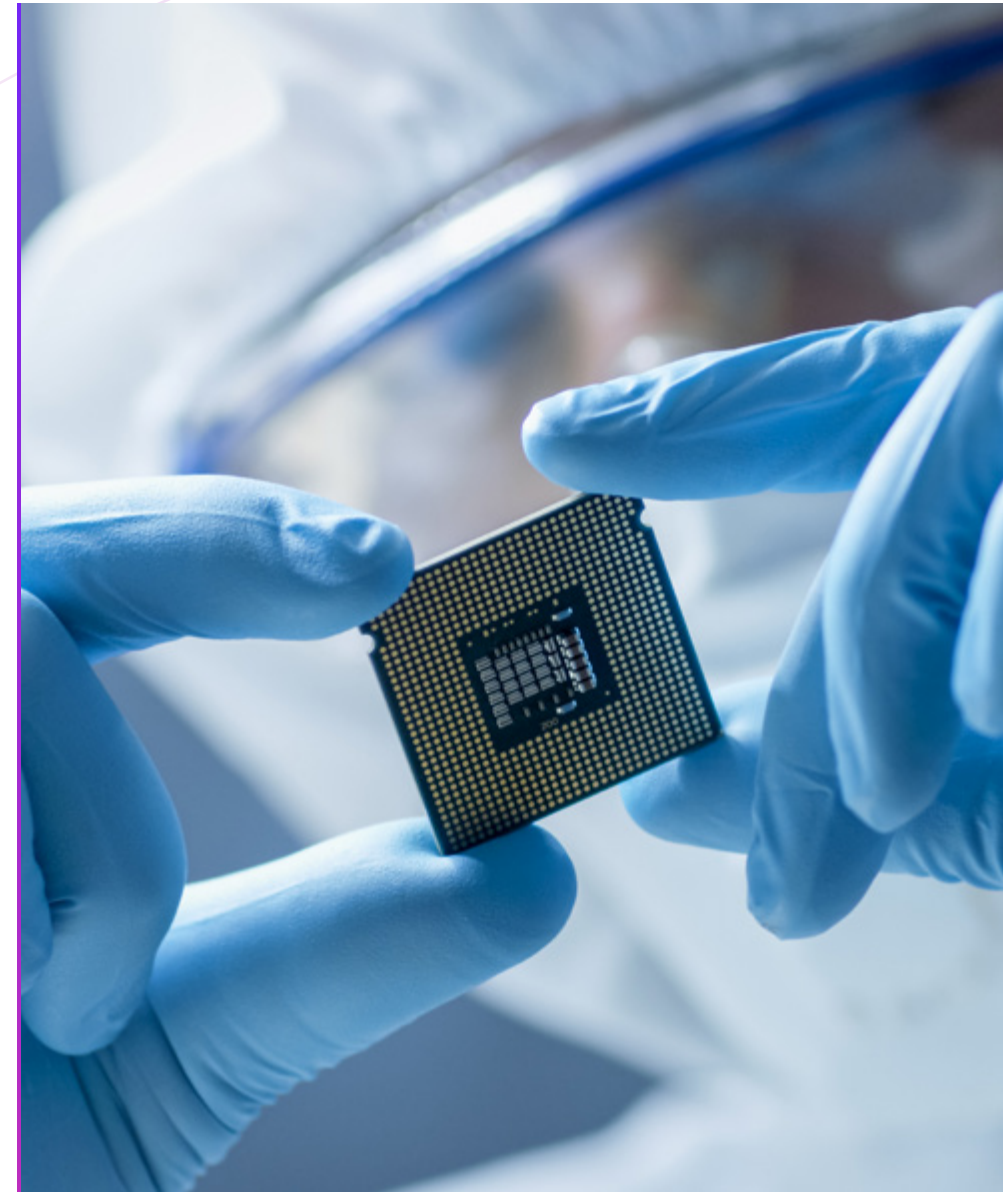


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## Business Ethics and Integrity

At Nova, ethical behavior and compliance with legal obligations are fundamental to the way we do business. We are focused on building and maintaining a culture that upholds our values and follows our policies and procedures in an ethical and legally compliant manner. So that we continue to meet this standard, we regularly evaluate our business ethics and compliance programs to check that they are effective in addressing the changing regulatory and business landscape. Our goal is to implement companywide global ethics compliance procedures and keep high standards in all our business relationships.

Nova's Board of Directors and executive management team are focused on establishing, maintaining, and monitoring strong ethics and compliance programs. Nova's senior executives are expected to be an example for ethical behavior by acting upon our policies and reinforcing the importance of ethics and compliance in their global teams. By doing so, they aim to cultivate a culture of high ethical standards and practices throughout the company. Additionally, we expect our employees to act ethically and follow our compliance programs. Their adherence to the company's values is part of the annual performance review process, and all employees are required to acknowledge that they have read and will follow the Code of Conduct. This document is part of our wider 'Standards of Business' which also features our anti-bribery, anti-fraud and insider trading policies.





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## Code of Conduct

We have developed a Code of Conduct, along with other relevant policies, in order to set forth guiding principles that reflect our focus on ethical performance and integrity. Nova's [Code of Conduct](#) is intended to promote compliance with laws, regulations and company policies.

The Code covers a variety of important business and personal issues, such as avoiding conflict of interests and personal exploitation of corporate opportunities, competition, fair dealing, and preventing anti-trust violations, prevention of discrimination and harassment, and promoting a healthy and safe work environment. The Code also deals with preserving complete and accurate business information and records, engaging in accurate accounting practices and confidentiality of the company's information, handling of public filings, and protection

## Whistleblower Policy

Nova's Whistleblower Policy encourages employees to report any issues of concern regarding ethical compliance, through various channels offered in our complaint procedure. Any employee who wants to raise awareness of an ethical issue can also write an anonymous complaint directly to the General Counsel and Corporate Secretary or

and proper use of company assets. Furthermore, Nova's Code of Conduct sets principles and standards for insider trading policies, anti-fraud and anti-corruption policies, and whistleblower procedures.

The Code is available on our website and the employee portal, and each employee must review and acknowledge the Code upon joining the company, as well as on an annual basis. New employees receive training on the Code, and all employees are encouraged to report any violations to the compliance team, senior management, or other officers as deemed appropriate. In matters concerning accounting or auditing issues, employees can directly submit a complaint to the Audit Committee of the Board of Directors.

the Audit Committee of the board. At Nova, we encourage our employees to speak up if they suspect or witness any matters of concern. We do not tolerate retaliation against a report or complaints about alleged misconduct, and measures for prevention of retaliation are included in our complaint procedure.







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### Corruption and Anti-Bribery

Nova's Standards of Business Conduct outline the values that guide the company's interactions with customers, suppliers, colleagues, communities, and other stakeholders. These Standards are designed to promote trust, encourage transparency and provide guidance on risks, laws, policies, and reporting processes, including issues such as conflicts of interest, bribery, and corruption. The Standards can be found within Nova's internal enforcement plan and are communicated to all our employees globally including in trainings.

In recent years, Nova expanded its business globally, establishing a presence in many countries. A wider market can increase business and corruption risks. To address these risks, we have implemented Anti-Bribery and Anti-

### Trading Compliance

Nova's Insider Trading policy guides officers and employees regarding securities' trading during certain periods as well as while they are holding 'material nonpublic information' concerning Nova, its customers and suppliers. Officers, employees, and family members in the household may trade in Nova's securities only out of the clearly defined blackout periods.

Corruption policies. Our policies outline the responsibilities of our stakeholders with regards to corruption and bribe prevention, the actions to be taken if noncompliance is suspected, the procedure of verifying the suspicion of noncompliance, the reporting process and the recovery plan. Our compliance program includes a range of measures to increase awareness, prevent and detect corruption activities. Our Anti-Bribery and Anti-Corruption Policies are published on internal platforms.

Additionally, during 2021 we established an anti-bribery/corruption steering committee, which oversees and identifies risks across the company, and implemented an advanced control and compliance programs which are tested and verified on a yearly basis.

Due to certain 2022 geopolitical events, Nova's legal compliance team are facing growing challenges related to global trade compliance, including the ongoing trade conflict between China and the US. To address these complexities, the company has engaged external specialists to advise the company on its trade policy and obligations, as well as to make sure required licenses are obtained.





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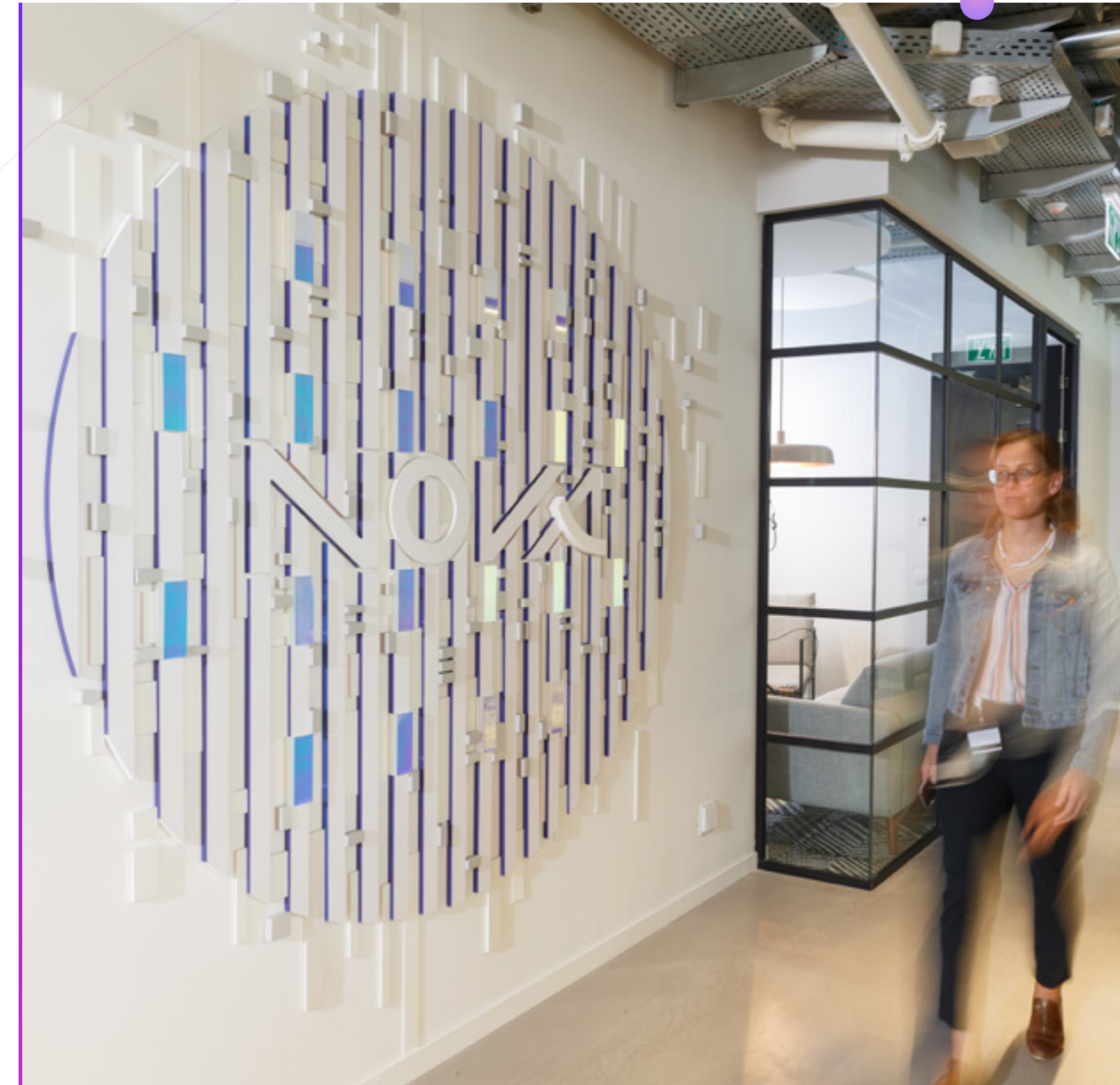
## Employee Ethics Engagement and Awareness

To keep employees aware of and up to date on the corporate governance policies, Nova runs global employee training programs.

Employees first undergo training in the framework of their onboarding process, and thereafter, Nova performs mandatory annual process of review and acknowledgement of the policies, which includes a training presentation. The corporate governance training covers several policies:

- Code of conduct
- Insider trading
- Intellectual property protection
- Whistleblower policy
- Anti-corruption

Employees are required to renew their training and certification of the standards on an annual basis.







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## Cybersecurity and IP Protection

Protecting data is a key strategic priority for Nova. In a rapidly evolving cyber threat landscape characterized by data breaches, ransomware attacks, hacking tools, and state-sponsored cyber threats, the company works so that it is a safe choice for stakeholders when it comes to data protection. As a major player in our industry, Nova is exposed to some of the most important technological developments in semiconductors. Prioritizing the security of this data is central to our focus on being a responsible and sustainable enterprise.

At Nova, we understand that cyber-attack risks are growing by the day. As a result, we have put in place what we believe are strong defenses and the ability to quickly detect and respond to threats. We conduct constant monitoring and frequent assessments and regularly update our mitigation strategies to stay ahead of emerging threats. Considering the growing risks, we are also engaging cybersecurity consulting experts to conduct security risk assessments. The external risk assessment results are then presented to the Board of Directors who take part in the annual review of Nova's cybersecurity policy. This policy review also involves setting future targets and goals for the upcoming year.

Nova provides robust training for our employees on recognizing security threats to enable compliance with applicable data security laws, regulations, industry practice and our internal policies. Nova regularly conducts training for employees on how to recognize security threats and handle them. Training topics include education on common security threats, such as phishing and malware, as well as providing examples and regular testing of employees' knowledge, encouraging employees to report suspicious activity and ensuring that they are familiar with company policies and procedures related to data security.

### Among our efforts to strengthen the company's cybersecurity we:



Maintain enhanced security controls for Nova's internal systems like Mail, ERP, CRM and more



Secure our production network and breach potential in our manufactured systems



Establish response procedures, escalation checklists and preparations for disaster recovery scenarios



24-hour network operations center monitoring



Secured environment for Research & Development

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### Personal Data Protection

At Nova, we take privacy seriously and strive to protect the privacy of all individuals we interact with. Nova takes privacy compliance measures in each of the jurisdictions it operates in, including steps and protocols to safeguard personal information.

In 2022, following the acquisition of Ancosys and our business expansion into various territories, we began a project of mapping the emerging requirements in privacy laws, regulations, and policies globally. We believe it is important to prioritize the compatibility of our procedures to the regulatory changes and demands.

Our goal is to regularly adapt our policies and implementation measures to the evolving global awareness to privacy and personal data protection, including the GDPR, CCPA and national regulations from Israel and China.

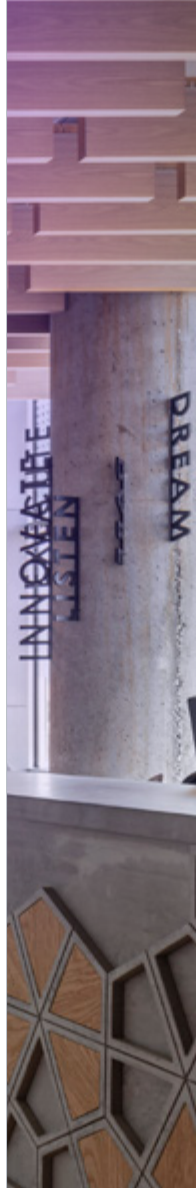






# PEOPLE FIRST: THE INDIVIDUAL AS A WHOLE & OUR COMMUNITY AS OUR HOME



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We believe Nova's success and growing impact as a company is driven by our employees. Based on our values of Dream, Dare, Listen, Innovate, Execute and Win, we are focused on fostering a supportive culture where all employees feel valued and empowered to reach their full potential.

Our goal is to foster an inclusive culture where all employees are treated with respect and feel a part of the company's success. We aim to create a sense of belonging across the company and support our employees' growth by providing them with opportunities to learn, train, grow and make an impact.

As a company, we recognize the important opportunity to make a meaningful impact on our stakeholders including our employees, partners, suppliers and the communities around us. We believe our organizational DNA and culture, which is based on our core values, allows our employees to feel seen, heard, and respected. We prioritize our culture because we firmly believe that each person is unique, has their own spark, and can contribute something entirely different and special to our company's success.

We also strive to embrace people around us by supporting people within our communities through a variety of local initiatives across our global operations.





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## Employee Development

At Nova, we aim to redefine what our employees can achieve through professional development, personal growth and tight-knit collaboration across our teams. We believe every individual has the potential to make a significant impact through working in a collaborative and innovative environment. We demonstrate our focus on employees through:

- ✓ Professional development and core expertise enhancement
- ✓ Encouragement of personal growth as single contributor and as a team member
- ✓ Soft skills development, including management and leadership skills
- ✓ Career development in either technical or managerial tracks





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### Training Opportunities

Our training programs consist of a variety of courses that are designed to help employees build their skills. Our Training Coordinators align training opportunities with our yearly and long-term objectives. Our training programs are divided to the following areas:

General onboarding programs for new employees.	Training programs offered by different divisions (Dimensional, Materials and Chemical) to provide technical and job-specific training.	Corporate level training programs that offer industry, products, professional, soft skills, management development and leadership training.
Tailored programs to enhance personal capabilities and support personal growth.	Leadership workshops to develop managerial and leadership skills among our talents.	Executive Leadership training programs to develop Nova's future leaders and senior managers.

We offer our employees a range of platforms and formats to support their learning needs and development.

#### NOVA METRO



Metro portal

- METRO - our online learning platform which provides access to both Nova's internal and external training content globally.
- METRO enables us to design learning tracks for different populations at Nova based on their roles, location, and aspiration.
- The system is able to design and deliver customized training programs that meet the specific requirements of individual employees.

Nova Learning Tracks is a one-stop-shop that allows employees to access a wide range of online training opportunities







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### Time to Talk

Twice a year, our performance management process called "Time to Talk" allows managers and employees across the company to have face to face discussions and provide mutual feedback on training needs and personal development goals. This process also helps to identify any additional training that may help support an employee's professional and personal development, as well as to progress in the technical or management tracks.

Additionally, we offer training programs for managers and the executive leadership to help them prepare for executive roles and support our leadership pipeline.

### Train the Trainer

As Nova continues its global expansion, we acknowledge the challenge of managing all training programs from our headquarters. To address this, we are implementing "train the trainer" programs to develop the capabilities of local team members to manage part of our training portfolio. This will enable us to better serve our employees in different regions and ensure that our training programs are tailored to their specific needs.

### Academic Studies

We encourage our employees to pursue further academic studies and support their academic aspirations through two channels:

- 1 Academic studies tuition – Once a year, employees can apply for academic tuition. Requests are discussed in an academic studies committee based on the employees' performance, as well as the direct manager's and HR's recommendations.
- 2 We collaborate with local universities and encourage our employees to join professional courses as external students. Their participation needs to be approved by the university – based on basic requirements and open slots.

### Tech Talk



As part of our efforts to foster teamwork and collaboration across teams, we have created an internal training program known as "Tech Talk," in which employees volunteer to give lectures to their colleagues on a variety of technical topics. This program is open to all employees and is intended to promote knowledge sharing and skill development within the company.

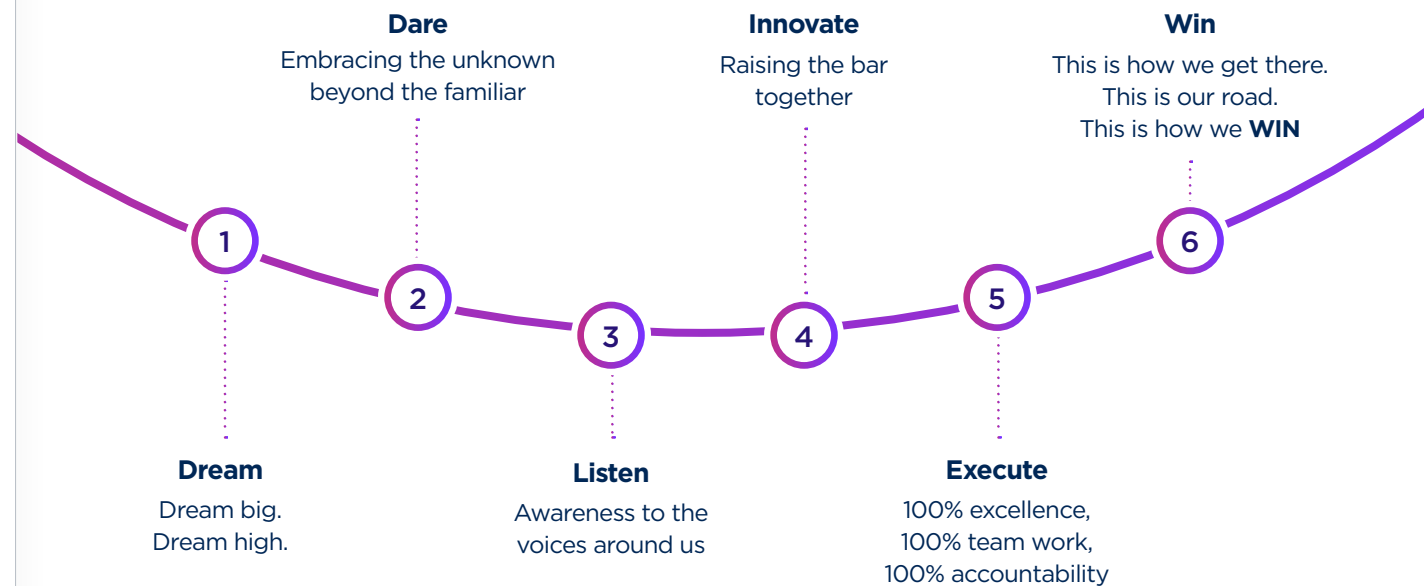


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**Leadership imperatives**

Nova’s leadership culture is rooted in our mission to move from **DREAM** to **WIN**.

We understand that our culture is reflected in the actions and behavior of our leaders at every level, who are responsible for setting the direction of the company, leading the way, and inspiring others to achieve their goals. Nova has developed a set of guiding principles known as our Leadership Imperatives, that are embedded in all of our leadership development programs and shape our recruitment and promotion processes.



**Our Leadership Imperatives are composed of the following:**

**Choose Your Who**

**Proactively select, develop, empower and retain the right people**  
Build, coach and develop cohesive, diverse and agile teams & ensure they have the knowledge and tools to succeed.

**Say Your What**

**Provide clear intent**  
Compose clear & quantifiable goals, connected to company strategy

**Open Up**

**Partner within and across teams**  
Healthy relationships, open communication, listen to different opinions and needs. Accept changes and adopt quickly.

**Drive Influential teams**

**Direct your team effort to successful results**  
Execute, anticipate challenges and assist people to overcome them, delegate ownership and demand accountability.

**Make Decisions**

**Accept risks, make responsible, bold and fast decisions.**  
Go out of your comfort zone, challenge the status quo, dare to make quick decisions.





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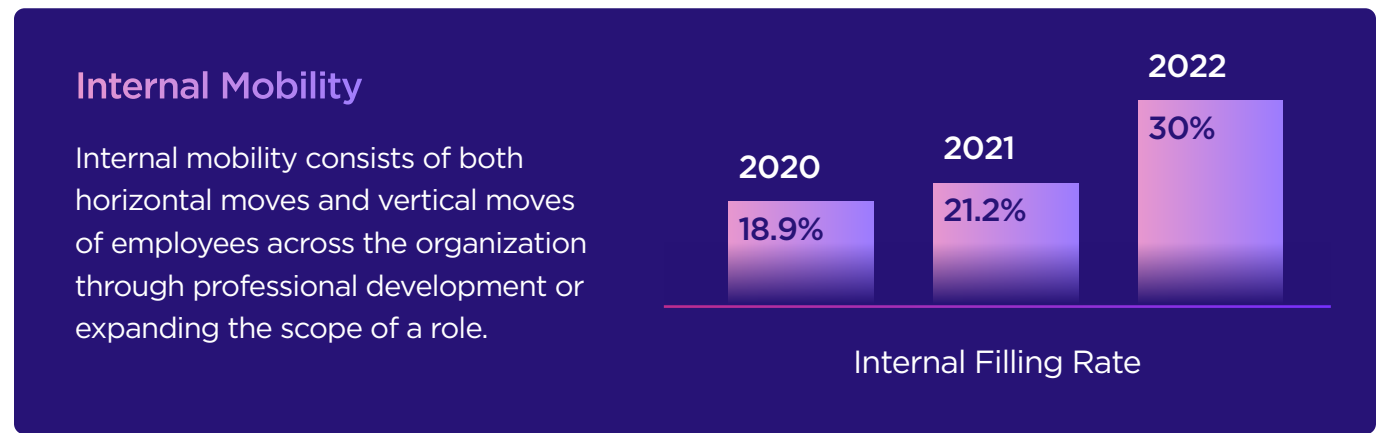
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### Career Development

We view our employees traits' of curiosity, knowledge sharing, and aspirations as important to our company's success and look for ways to support them in unlocking their fullest potential. Accordingly, our career development approach encourages our employees to explore multiple development paths - through internal mobility, professional advancement and our managerial career ladder.

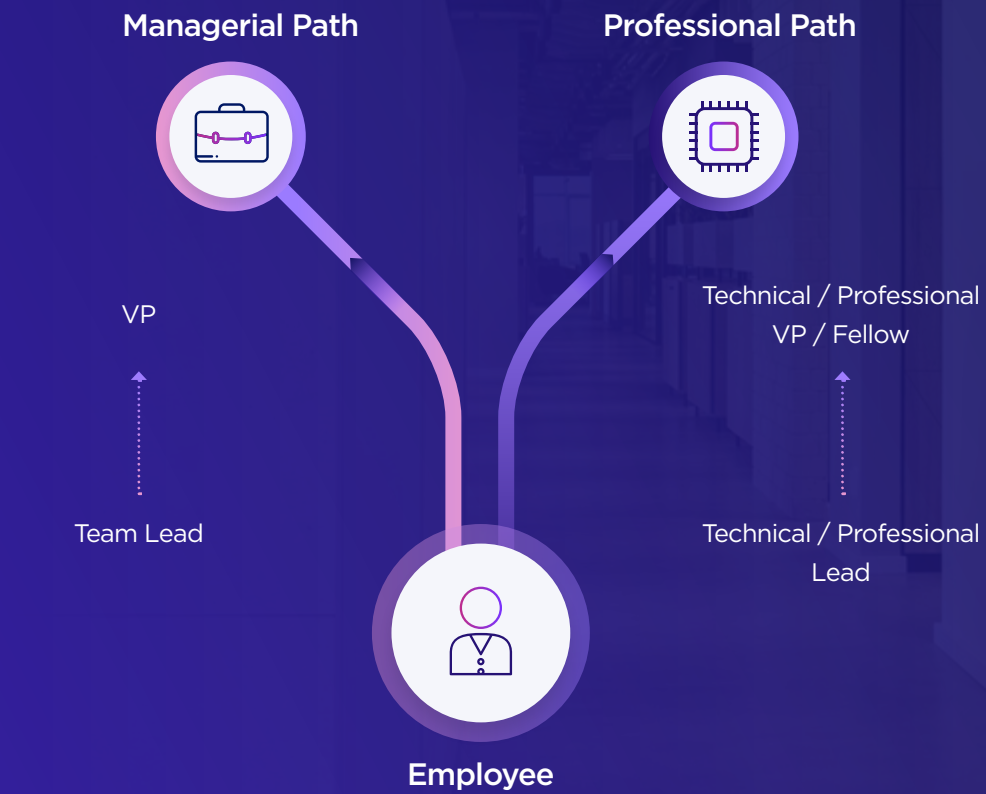
### Development through Internal Mobility

We aim to establish a personalized approach to employee engagement for each individual's career at Nova. We place great emphasis on opportunities for internal mobility and prioritize and encourage it among our employees. We also enable our employees to pursue horizontal or vertical career development. This means they can either focus on getting a promotion within the same line of profession or create new value and meaning for themselves and the company by moving between departments. In order to broaden our internal mobility offerings, Nova makes all non-confidential job openings available to our employees, allowing them to apply for these positions internally.



### Technical and Managerial Development

We have implemented two development tracks for our employees: A managerial development track and technical development track. This provides our employees with personalized development options based on their professional abilities, as well as on their personal talents and motivational preferences. The technical development path allows our employees the opportunity to rise within the ranks of the organization, even if they do not wish or are not inclined to take on managerial responsibilities.





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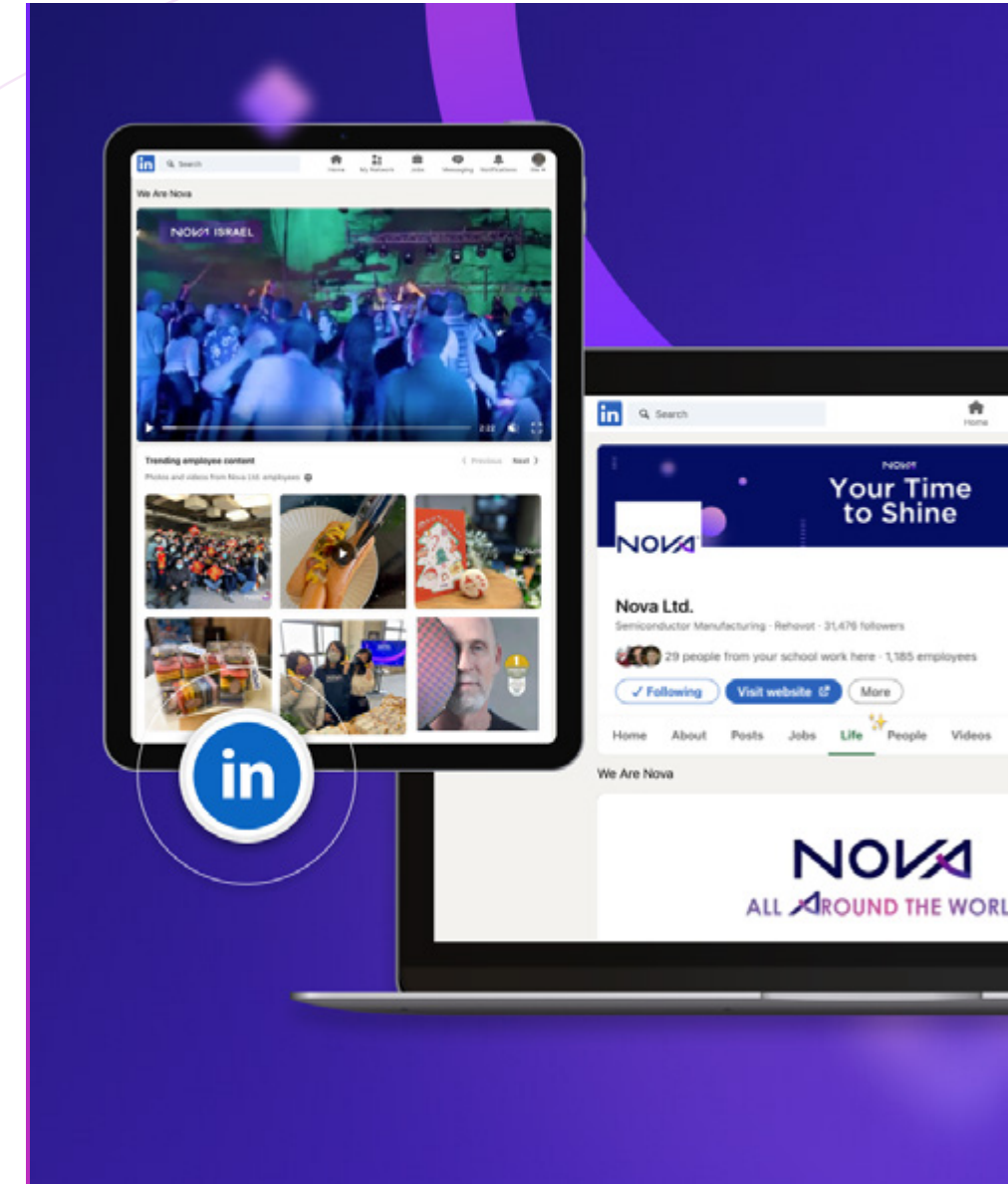
## Protective Work Environment

### Clear and Open Communication with Stakeholders

As a publicly traded company, we view the clear and accurate communication of our activities as an important part of our identity, culture, routine and function towards our stakeholders. As such, we operate with high regard to reliable and timely information about our business performance and use multiple platforms in which information can be fully accessible and shared.

Indeed, to foster a culture of open communication and exchange of ideas between stakeholders, managers and employees, as well as different business divisions, we engage through various channels. We also highly regard our open communication with our most valuable asset – our people. For that purpose, we have open communication lines, through digital tools or in person.

In addition, we are active across digital and social media platforms, including our company website, Facebook and LinkedIn, where we share our activities and success stories on both internal and external channels, to strengthen our employees' sense of connection and share with the general public and potential candidates about work and life at Nova.







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Nova's Investors Day

At Nova, we prioritize transparency as an important communication principal across the company levels. This includes sharing information about our business development through press releases and investor earnings calls and providing a detailed overview of our business and potential risks in our annual reports. Additionally, **we make our strategy and financial goals for the coming years readily accessible to investors through public, virtual investor days.**



**Materials Metrology Intensity**  
From 20 to 90 Steps

Intensity

Logic K4  
Memory X3

Uniformity Control  
Contamination  
Residue Control  
Phases  
Cathodicity  
Crystallinity  
Stress & Strain  
Thin Films  
Composition

Materials Diversity

Broader Metrology Scope

Part 1  
Part 2

LIVE  
NOVA  
Investor Day

Long-Term Outperformance & Strategic Planning  
Eitan Oppenheim, President & CEO





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Engaging Workplace

We believe by offering our employees flexibility regarding their working location and hours we can maintain high levels of engagement.

Our global policy to extend flexibility and strengthen work-life balance includes the following:

- 

Based on business needs, employee preference, and work requirements - employees may opt to work remotely 2 days per week.
- 

In order to maintain business continuity, a few principles were defined for mandatory face-to-face meetings.
- 

In addition, we keep one day a week as an “office day”. On that day all employees globally are expected to work from the office in order to help maintain the office culture.

Key sites

Our key sites are designed with our employees’ experiences in mind, while also creating a unified global look and feel, emphasizing our unique culture and DNA.

Our work environment enables various workstations including hot spaces designed according to specific needs and allowing employees efficiency and privacy as desired.







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## Employee Wellbeing

At Nova, we strive to create an environment where employees know they are being taken care of. Our goal is for all our employees and their families to feel safe, secure, and cared for. The benefits we provide are a testament to our holistic approach to employee wellbeing and safety.

Nova aims to retain the most passionate people who have the necessary skills, knowledge, and commitment to meet our technological, cultural, and business vision. As a global company we also comply with all local employment practices across the key sites in which we operate, combining local benchmarks and practices with Nova's global benefits programs, which includes among pension and retirement plans, health and medical insurance and vacation plans. Nova goes beyond what is legally required and also offers a range of leave options for employees so that they have options for time-off of work that takes into account their needs. This includes supportive leave programs, such as medical leave (FMLA), parental leave, bereavement leave, military service, and voting days.

Our performance evaluation process is managed annually, in which we evaluate employee's personal performance and contribution in comparison to past year goals, and then set goals for the year ahead. This process is the

base for our compensation philosophy in the company for when setting individual employees' compensation, we take into consideration each employee's performance. The employee's manager sets pre-set goals during our annual performance management process which the employee is then evaluated against. Our performance management process includes setting individual annual goals, reviewing progress on an on-going basis and then providing managerial feedback at the end of the year on achievements.

At Nova, we have a 'pay for performance' philosophy. We run several compensation processes during the year. So that our employees' compensation remains fair and competitive, we run an annual salary review process during which current salaries are compared against a market benchmark. For this review, we use proven benchmark providers with robust databases and excellent coverage of all local markets we operate in. This review, combined with each employee's individual performance against their pre-set goals is then used to determine if an adjustment to their base salary is required.

Nova employees are also eligible to participate in one of our performance-based compensation plans. These plans





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### Employee Wellbeing continued

include an Annual Bonus plan, for most of our employees, as well as more specific incentive plans targeted at specific populations, such as our Sales Team. These performance-based plans equip our managers with a robust and objective tool to compensate our top performing employees for their achievements.

All our pay practices and processes are designed with the aim of providing fair pay to our employees based on their contribution without bias due to gender, ethnicity, age,

disability or other factors. We continually monitor our employees' pay to limit bias, including subconscious bias, in the decisions taken during our pay processes.

Nova also enforces a better workplace environment by supporting a tobacco and drug-free workplace, anti-harassment, anti-sexual harassment, as well as employee privacy measures and a zero tolerance towards workplace bullying.

### Health and Safety

Nova works to provide a safe and healthy working environment for all employees (EHS), contractors, and visitors. To accomplish this, we have established a health and safety management system and have appointed a dedicated committee to oversee its implementation. The committee meets quarterly to review and update the system, and holds monthly meetings with representatives from each territory to address any concerns and ensure compliance with all relevant regulations.

Nova has achieved certification in the ISO 14001 and ISO 45001 standards in numerous sites. These certifications

demonstrate our focus on implementing effective environmental and occupational health and safety management systems, and our ongoing efforts to meet or exceed industry standards and regulations.

In order to promote a culture of safety among our employees, Nova has developed an interactive online training program that covers a wide range of topics related to general safety, as well as specific aspects related to the work environment and individual job roles. Each employee is required to complete this training on an annual basis.







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**Health and Safety**

The company's Learning Management System (LMS) is used to monitor and ensure that all employees have completed the training and are up-to-date with the latest safety information and best practices.

Nova places a strong emphasis on risk management, and has implemented a number of key actions to minimize potential hazards. For example, in Israel, we consolidated our warehouses and cleanrooms into a single building to reduce the movement of forklifts and improve overall safety. Additionally, the

company maintains a variety of global programs and monitoring mechanisms to promote a culture of safety and encourage safe work practices, including regular audits by trustees, a dedicated safety officer and the training on the proper use of Laser devices. Additionally, the company provides personal protective equipment to its production employees based on their job assignments.

As described in our ESG guidelines and goals, we are aiming to implement our EHS system across all

our production sites by 2024, including recently acquired sites. Our ultimate goal at Nova is to achieve a zero-accident workplace.

While we strive to prevent accidents from occurring, in the event that an accident or near-accident does happen, we conduct a thorough investigation to determine the root cause and identify opportunities for improvement. This enables us to make changes and take preventive measures to limit the risk that similar incidents do not occur in the future.

**EHS Management System**



**MAXIMIZING ENERGY EFFICIENCY AND REDUCING EMISSIONS**

- Conserving energy
- Supporting renewable energy



**DESIGN FOR SAFETY AND THE ENVIRONMENT**

- Improving resource efficiency
- Designing durable / reusable / recyclable products
- Designing efficient facilities
- Designing safe products



**ENSURING SAFE WORK ENVIRONMENTS**

- EHS policies and procedures
- Safe chemicals policy
- Appropriate engineering controls



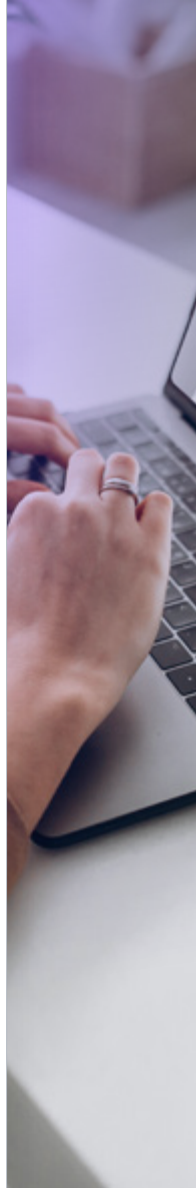
**CONSERVING NATURAL RESOURCES**

- Using recycled materials
- Using process water



**REDUCING WASTE**

- Minimizing product and packaging materials
- Reuse and recycling

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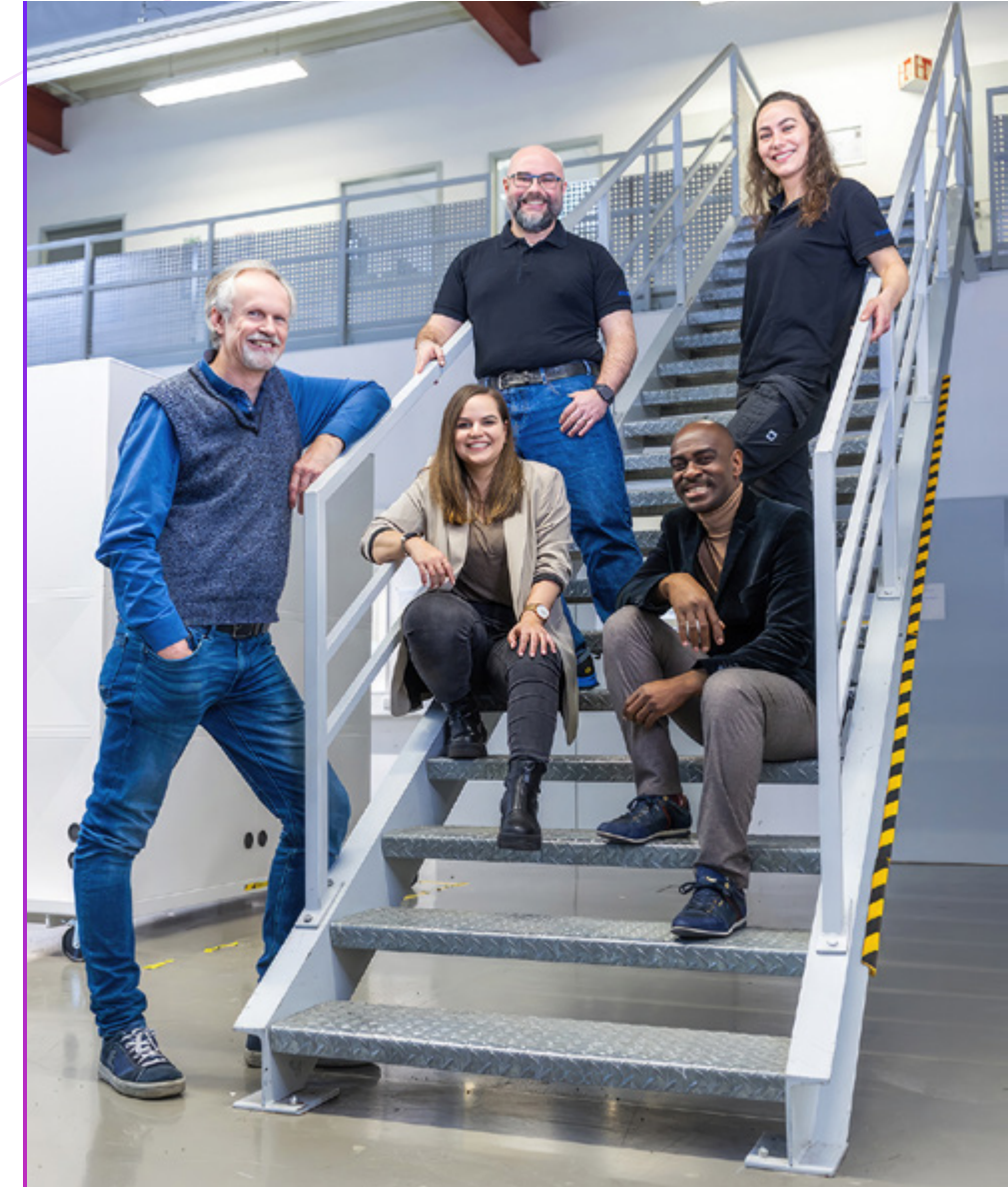
## Diversity, Equity, Inclusion & Belonging

We at Nova are focused on fostering, cultivating and preserving a culture of diversity, equity, inclusion and belonging. We are working to support and facilitate an inclusive environment that embraces what makes us all different and recognize the benefits that these differences make.

We firmly believe that by welcoming diverse cultures, experiences, and opinions, we can improve our ability to develop technologies and ideas that transform lives and shape and impact the communities around us.

As a company, we aspire to represent the social fabric of every country in which we are located. We prioritize treating all people with respect and recognize that a significant aspect of our culture is the creation of a respectful work environment.

Furthermore, we believe in equal opportunity in employment while providing a framework for work and implementation of opportunities for each individual to grow and thrive. We believe everyone has the right to feel safe, secure and have a sense of belonging.







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Diversity at Nova



**Marla Fields**

Project Director,  
Materials Metrology Division, NOVA

“I absolutely love working at Nova, because I love the people I work with. It feels like everybody wants to move forward - it’s clear that everybody is coming from a place of wanting to move the company and the products forward, and they put their best foot forward.

One of the things that stood out for me when I got to Nova is that when I asked questions, everybody was really helpful. They wanted to give me as much information as possible that could help me in my role. This also helped me

understand not only what we were doing, but also why we were doing it. The culture is very different than other companies - it really is refreshing to be in a place where everybody wants everyone to succeed.

Outside of work, I volunteer with various youth organizations and do a lot of speaking engagements, because I believe in getting women and minorities into STEM. As a Black female engineer, I feel that it’s important for younger people to see people like me being an engineer.”



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### Accessible Workplace

In recent years we have deepened our prioritization of the creation of an accessible workplace. Our main facilities worldwide are built to meet accessibility standards, while constantly improving to allow adjustments and to meet regulations and employees' needs. We work so that our website and documents are accessible to employees and

the public. Additionally, we appointed an internal Disability Services and Compliance Specialist to care, focus on, and support individuals with disabilities and assist them with their sense of belonging at the organization.



### Internal Disability Services and Compliance



**Raanan Shichman**

IT Service Center TL, OPS-IT Infrastructure, NOVA

“When I started working at Nova, a global company where business is conducted mainly in English and within a multi-cultural environment, I realized that in order to succeed in my new role, and realize my full potential, I must find the courage to recognize my hearing impairment and ask for help. I decided to share my disability with my manager and with Nova’s Disability Services and Compliance officer which led to Nova’s proactively initiating positive steps to remove the barriers I faced because of my disability. Sharing and exposing my disability was not an easy decision for me. Yet, I was met with nothing less than Nova’s strong commitment to the creation of a supportive and safe space, where all employees, regardless of their background, story, or uniqueness, feel valued and empowered to reach their full potential at every level.”





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## Internal Disability Services and Compliance



### Marina Kanibalotski

SW QA Engineering Tech Lead, DMD

“A few years ago, I started to feel weakness in my right foot and had to make an effort to stand steady. I didn’t pay much attention to it but as this feeling intensified, my physician recommended a set of exams which eventually led to the diagnosis – I have Parkinson’s. I was 30 at the time with two small children at home and at the beginning of my career. At that time, I had just started working at Nova and was a bit worried and thought to myself “how will they respond to my shaking?”, but I decided – nothing will break me! I was looking for solutions which can help me in the office and that’s how I learned that Nova has a dedicated person in the human resources department who is responsible for coordinating issues of accessibility and adaptations. I asked her if there is a possibility to provide an adjustable desk or any other aid which can help my day-to-day work.

Not surprisingly for Nova, I was indeed treated with professionalism, sensitivity and an accepting manner. The HR department, along with my manager, colleagues and the team made sure that all my needs were met with respect. Moreover, the hybrid work model that started following Covid-19 also helps: On the days when I feel less mobile, I can work from home. I appreciate having flexibility in the workplace.”





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### Employee Resource Groups (ERGs)

- As an important component of our focus on diversity, equity, inclusion and belonging, we have established ERGs dedicated to the advancement of women at Nova and to disability services and compliance within the workplace.
- The aim of these groups is to provide Nova's employees with a forum in which they can share ideas, concerns, promote initiatives and drive changes that will impact the organization's diversity and inclusion practices and reality.

### Recruitment

- Our Diversity and Inclusion policy applies to the hiring process as we recognize the importance and value of recruiting employees from different backgrounds, who have different perspectives, capabilities, knowledge, skills and experience to support our strategic journey.
- As an equal opportunity employer, we seek to source, recruit, train, develop and retain the most talented people from a diverse candidate pool.

Practices are also constantly observed, refined and improved to promote diversity in the pool of candidates. For all available positions in the company, we aim for a diversity of applicants.

We strive to ensure equal employment opportunities to all employees and applicants in all key sites in accordance with all local legal standards. At the end of the mutual selection process between the candidate and the company, and as they begin their first steps in the company, our HR staff accompanies them throughout their onboarding process to help form a sense of comfort and belonging.



"Talent and culture are the basis for all of our work at Nova. Indeed, we are committed to creating a safe and attentive environment for all our employees and candidates, while offering them a limitless personal and professional journey."

**Sharon Dayan**

Chief Human Resources Officer,  
Nova

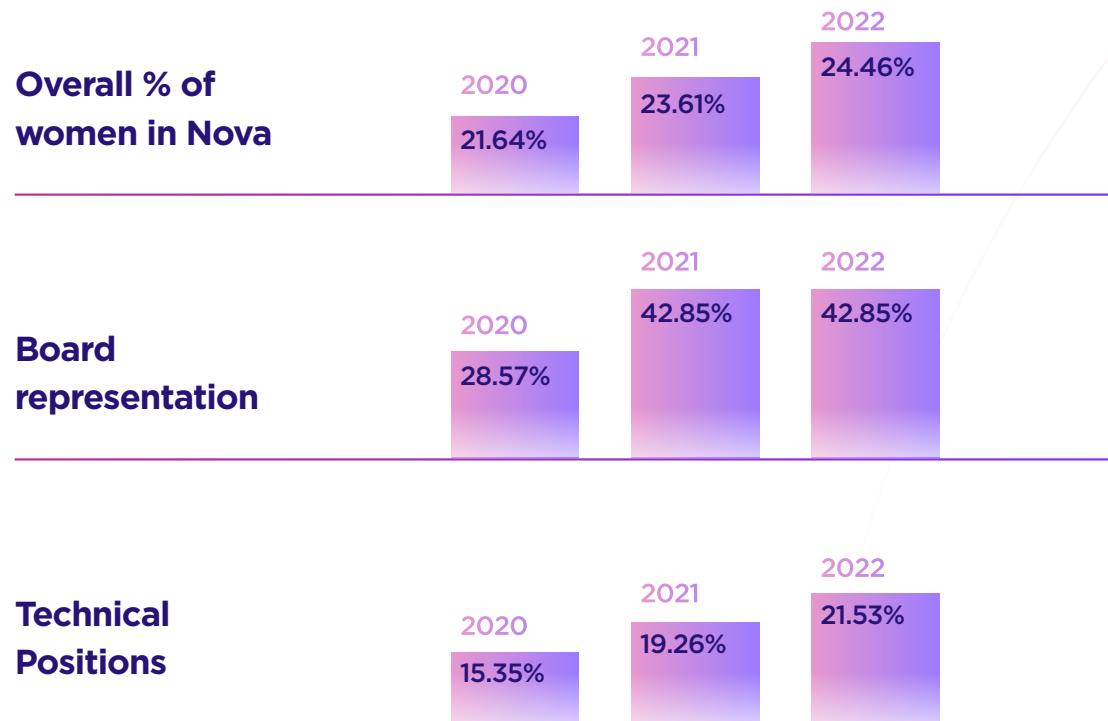




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**Equality Insights**

We are working towards gender equality at all levels of the organization. We work so that gender is not a barrier to career opportunities and promotion. Increasing the representation of women and those from diverse backgrounds across the company and in managerial positions will remain one of our strategic priorities on an ongoing basis. We aim to ensure that remuneration for gender diverse populations is based upon position in the company, qualifications, experience and performance. We are proud of the fact that Nova is a place that offers equal pay and benefits for all genders and populations.



**Women in the Semiconductor Industry**



“I was always really interested in how things work. When I was introduced to physics, I finally found so many answers to questions I had. This is when my future began to take shape - at university, I chose to focus on elementary particles, which is an awesome part of physics. It enabled me to participate in the Higgs Boson discovery and analyze data collected by an elementary particle detector in outer space. Now I’m discovering the world of semiconductor metrology. This wouldn’t have happened without the elementary particles specialization I chose at university. My main job at Nova today is creating algorithms to help

process, quantify and understand data. To do this well, I need to know how the tool works - how it collects data, how the data is created, what its impact are, and how the software works. So, I work with our Principal Scientist, with system engineers, software developers, and application specialists. They let me learn and do hands-on projects. I’m not confined to just writing code - I get to learn a bit of everything, and I love it.

Nova is my first job in the hi-tech industry, after years in academia. I feel so appreciated at Nova - this is the dream place for me.”

**Julia Hoffman, PhD**

Algorithm Technology, Materials Metrology Division, NOVA





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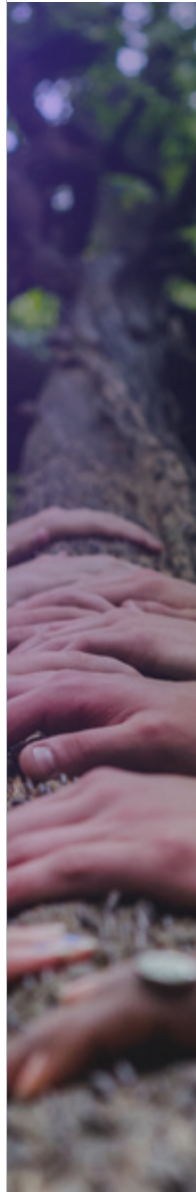
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## Community Impact

Nova has been aspiring for years to provide members of our local and global communities with resources to generate positive social change by making a difference in people’s lives. We believe in helping to generate a sense of safety, belonging, and self-worth in the communities in which we operate. In the past few years, we have deepened our relationships with our surrounding communities and strengthened our Community Relations.

Nova employees work to support their local communities through various means such as financial support, sponsorship, scholarships, volunteering programs and more. Our grant contribution focuses on four main areas: Youth At-Risk, STEM education/employment, Excellence in science and sports, and Emergency Response. Our goal is to have a positive impact in our communities and achieve tangible short and medium terms results.

### Charitable Contribution

In 2021, our charitable contribution rose by 50% as we are prioritizing making a significant impact by supporting and nurturing projects and activities together with numerous non-profit organizations worldwide.

We also established a charitable contribution committee led by our executive leadership and adopted a Contribution Policy, which was approved by the Board of Directors.

Our charitable work continued throughout 2022 as we strengthened our engagement with our existing partners and as we broadened our outreach to additional organizations and communities focusing on our pillars.

### Our partnership with ELEM



We dedicated our resources to supporting youth at risk by working with our partners at ELEM, a nonprofit organization that helps youth at risk in Israel. We have reached hundreds of youth at-risk, supporting them with a unique program of ‘Outreach Vans’, and ‘Young Mothers’, with professional counselors who meet young people and provide emotional and professional support, helping them to integrate back into society.

“The volunteers on the Outreach Van gave me support that I don’t know how to describe in words. They helped me out of the streets and into a hostel. Even afterwards, I continued meeting with the volunteers who supported me all the time.”

Teenager who was helped by the ELEM Outreach Van







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**Keeping our Communities Safe**

We supported the setting of mobile bomb shelters to the city of Ashkelon in Israel to be used in an underserved neighborhood and in a youth at risk school, with a positive impact on dozens of local citizens' sense of safety and security.



**Sponsorship of Excellence – Supporting Women in Sports**

Nova awarded two personal sponsorships for young Olympic athletes on their way to Paris 2024. The partnership is aligned with Nova's commitment to encourage and support excellence in the Israeli society alongside supporting women in reaching their full professional potential and aspirations in all areas of life.





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### Volunteering

Nova’s Volunteering Strategy is intertwined with our overall grants program and sets out a holistic vision for volunteering in our communities. With activities to be implemented across all key sites, the strategy sets out guidelines and goals in relation to our core principles listed above, with the opportunity for employees to add other dimensions of meaningful contribution as supporting people with disabilities, protecting the environment and more. We believe building upon the strengths and involvement of our employees enables them

to create meaningful relationships and partnerships with their community, as well as with their fellow employees.

Our focus on our communities worldwide stays strong as we continue to develop a structured program and budget to support our community efforts and initiatives. We believe that strong community participation is the backbone of Nova’s approach to our surroundings and aspire to further increase our impact among our diverse communal ecosystems.

#### Race to raise awareness for people with disabilities

In 2022, Nova IL employees participated in unique and inspiring race supported & sponsored by Nova: Etgarim Race, in memory of Shneur Cheshin. The race, which is dedicated to raising awareness to people with disabilities encourage inclusivity and celebrate the human spirit. Five-hundred participants and their coaches, from all across Israel, competed using whatever they needed to help them get to the finish line.



“To see everyone run together & support one another cheering and encouraging at the finish line was a truly different and special experience”.

**Adi Scott**

Disability Services and Compliance officer





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### Supporting Women in STEAM

STEAM is an educational approach to learning that uses science, technology, engineering, arts, and mathematics as access points for guiding and developing critical thinking in children.

The program, which has been running for over 5 years, has seen dozens of our volunteers excited to host dozens of students aged 7-15, in specially designed 3D printing courses, to expose them to a meaningful, technological hands-on experience.



### Volunteering for the Blind

There are approximately 250 thousand blind and visually impaired people in Korea yet only 0.2% of the books are written in Braille. Moreover, these are approximately 5 times more expensive than regular printed books.

It is for this reason that Nova employees in Korea, joined the “IT LO” open library which strives to build and operate an audio E-book cloud for the blind. Our volunteers are engaged in transforming transcripts of E-books into Braille to enable blind and visually impaired people to access them, and to raise awareness to the importance of assisting people with special needs and disabilities.







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Code 2 College

Code2College is a multi-year, career prep and college access program with a mission to increase the number of minority and low-income high school students who enter and excel in STEM undergraduate majors and careers.

Helping dozens of students a year, Nova employees in the U.S. have helped many underrepresented students prepare for summer internship applications, scholarships, and college applications.



Beach Cleaning – International Environment Day

30% of our employees worldwide from 6 different territories across the globe participated in a global environmental activity dedicated to beach and forest cleaning. This global initiative was designed to provide Nova employees with local, real-time and personalized initiatives to continue and contribute efforts and resources to make our planet a cleaner and safer place for us!







# INNOVATION: AS OUR MISSION





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## Innovate to Transform

### Innovation Foresight

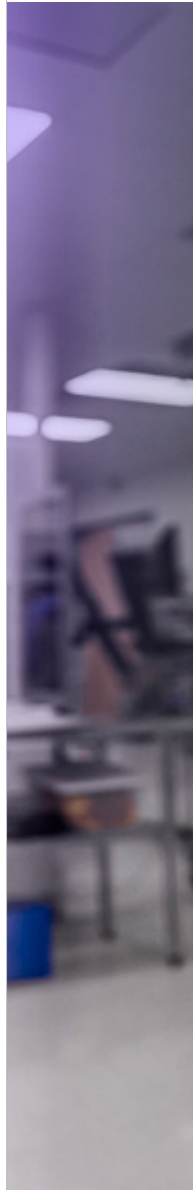
We are an advanced technology company that has been focused on innovation leadership as part of its DNA. Nova's unique technology is adopted by semiconductor customers to solve a variety of challenges in order to facilitate a better, safer, cleaner connected world. At Nova, we have been partnering with customers across the industry to drive faster technology revolutions, enabling the widespread distribution of information, and empowering diverse populations. Our technology has played a role in the global proliferation of affordable technology, contributing to better education, medical treatment, access to resources, and the personal safety. Our ability to provide unique metrology results to our customers while manufacturing various IC devices, enable them to shorten time to market and increase chips capabilities and performance.

We bring pioneering solutions to semiconductor process control by developing differentiated emerging metrology technologies and platforms. Nova's rich product portfolio combines high-precision hardware and cutting-edge software and provides customers with deep insight into the development and production of the most advanced semiconductor devices across multiple segments.



We bring pioneering solutions to semiconductor process control by developing differentiated emerging metrology technologies and platforms.



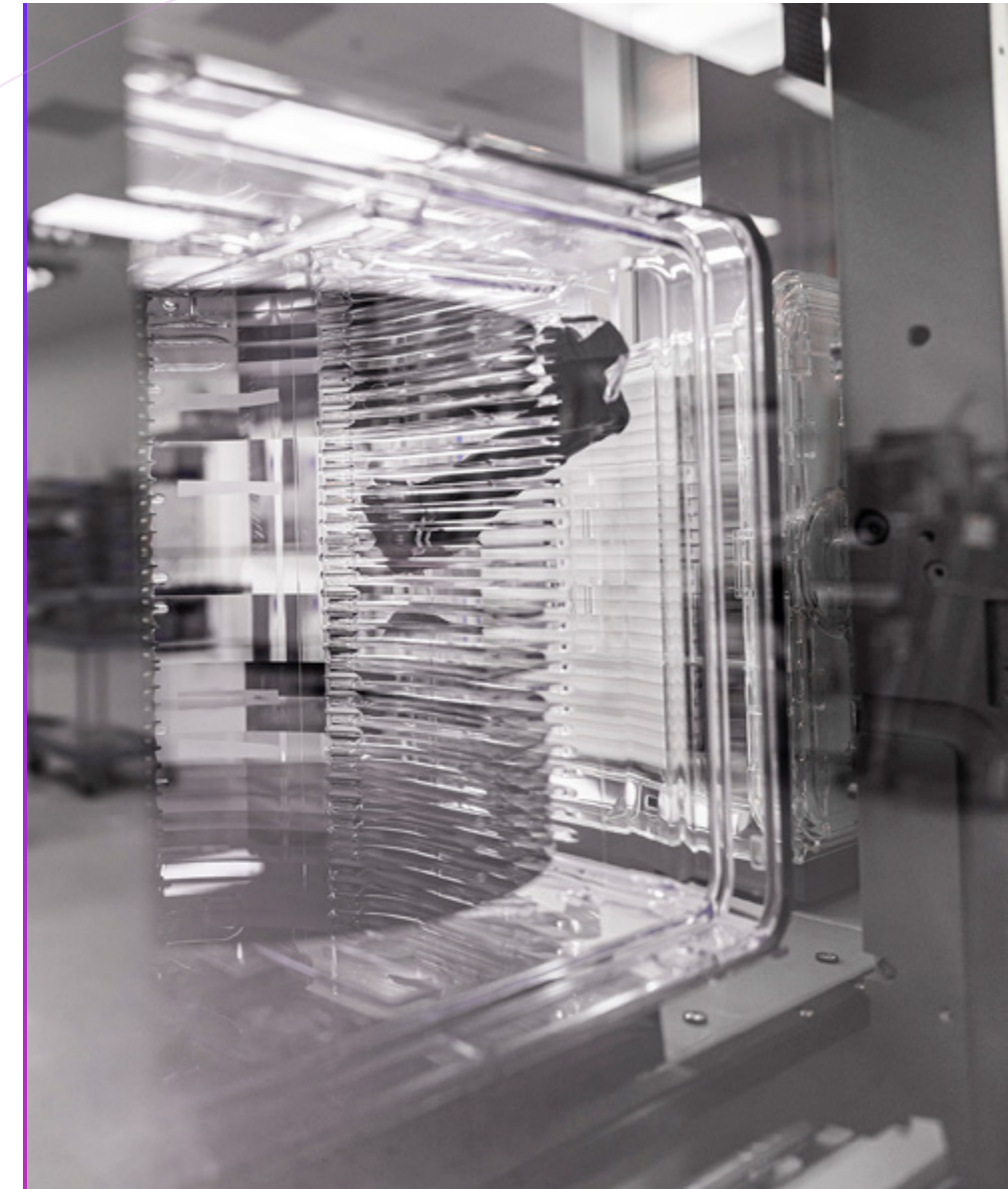
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### Process insight to transform technology

The perpetual forward motion of the semiconductor industry is facilitated by the transition of novel concepts from basic research, through development stages and up to high-volume manufacturing. Today, the evolution path of any new complex technology represents a daunting challenge, requiring significant investment, extended development time, and extraordinary innovation. The semiconductor manufacturing process may take months to complete, making device in-line monitoring critical. Process control drastically reduces precious resources consumption and curtails waste production through efficient manufacturing and sustainable fabrication yield.

**As a leading semiconductor metrology company, we provide high-performance solutions and unique insight for effective process control throughout the semiconductor fabrication process.**

We work in close partnership with the world's leading manufacturers, helping them to address critical challenges faster and more reliably. As we bring forth numerous innovative solutions, we strive to empower our customers to increase efficiency and yield, in hopes to reduce their environmental footprint, including energy consumption, use of water, materials, chemicals, and waste generation.





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## Innovation Framework

From new employees to senior leadership, everyone is encouraged to contribute to expanding our boundaries. We nurture new ideas and explore them, be it academic grassroots, research partnerships or inspiration sparked by personal pursuit.

At Nova, we place a strong emphasis on innovation as part of our culture and encourage all of our employees to take part in that and contribute new ideas. We believe that our competitive advantage comes from finding unique and better ways to solve complex challenges.

We actively encourage and nurture ideas from all employees. Regardless of their seniority we work to explore, fund and develop these ideas in order to push our boundaries and continue innovating.

For every product we develop, we ask “how can we solve the challenges in a unique and better way?” and “what can we do differently to make a positive impact?”







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## Internal and External Initiatives

### Innovating from within

Fostering innovation cannot depend on a singular occurrence. To encourage novel ideas and creative outside-the-box thinking, we also run frequent hackathons at the division and company levels in our global R&D centers. These activities help promote teamwork and collaboration, while also generating solutions to critical problems and raising ideas for new product features.

### Nurturing the next generation

To cultivate future impact, we offer long-term internship positions for undergraduate and graduate degree students at leading universities. These promising academics join our CTO and product divisions in meaningful roles and are offered a clear career path into impactful positions in the company.

### Nova's Annual Innovation Award

One of our flagship programs to foster ingenuity is Nova's annual **Innovation Award**. The submitted papers represent Nova's guiding principle of teamwork and daring enthusiasm. The winning papers often reflect the cross-pollination of ideas and collaboration among business units. During the process we see a large variety of works, covering multiple disciplines and multiple product technologies. **In 2021, more than 100 employees participated, with 30 papers submitted.** The winning papers will eventually be incorporated into our long-term feasibility work and roadmap.

In 2021  
**100+**  
Employees  
participated

In 2021  
**30**  
Papers  
submitted



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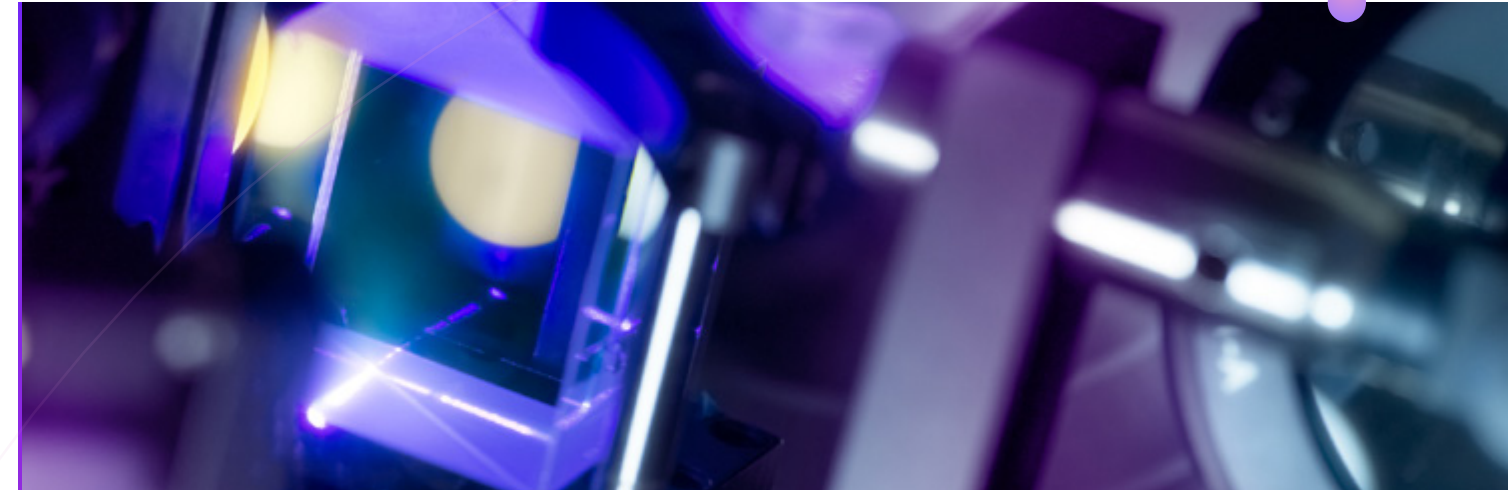
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### A Foundry for the Future

To thrive in the challenging environment of semiconductor ecosystem, we must always look beyond the horizon. While we continuously invest in improving our existing product lines, through our product divisions, our CTO and the advanced technology teams also invest in incubator projects to discover and nurture the next potentially disruptive technology that will expand our addressable market and offer unique solutions to our customers.

The process may take years: from ideation to concept, feasibility testing and productization. There may be multiple hurdles along the way, identifying the gaps in building a production-environment-worthy solution, and recognizing the applications it can solve – all years ahead of reaching the market. The CTO group is geared towards handling these projects and collaborates with experts throughout the company to address every challenge.

Our incubation projects are financially independent from one another and from the company's short-term roadmap, ensuring that the company can focus on long-term opportunities without disruption.



An incubation project has dedicated resources and is isolated from short-term business and budgetary decisions and considerations. It is defined by a dedicated independent team as well as timelines, resources, and measured parameters of success.

This ensures that the incubation project runs within a secure long-term parameter that is separate from ongoing product R&D efforts. For example, in 2021 and 2022 we invested approximately 20% of our OPEX in these high-risk projects.

Following through with incubator projects is risky by nature and demands a rare combination of grit and vision. Our dedication to these programs and vision has already birthed several use cases of disruptive platforms such as PRISM, ELIPSON and METRION, and we aim to continue doing so in the future.



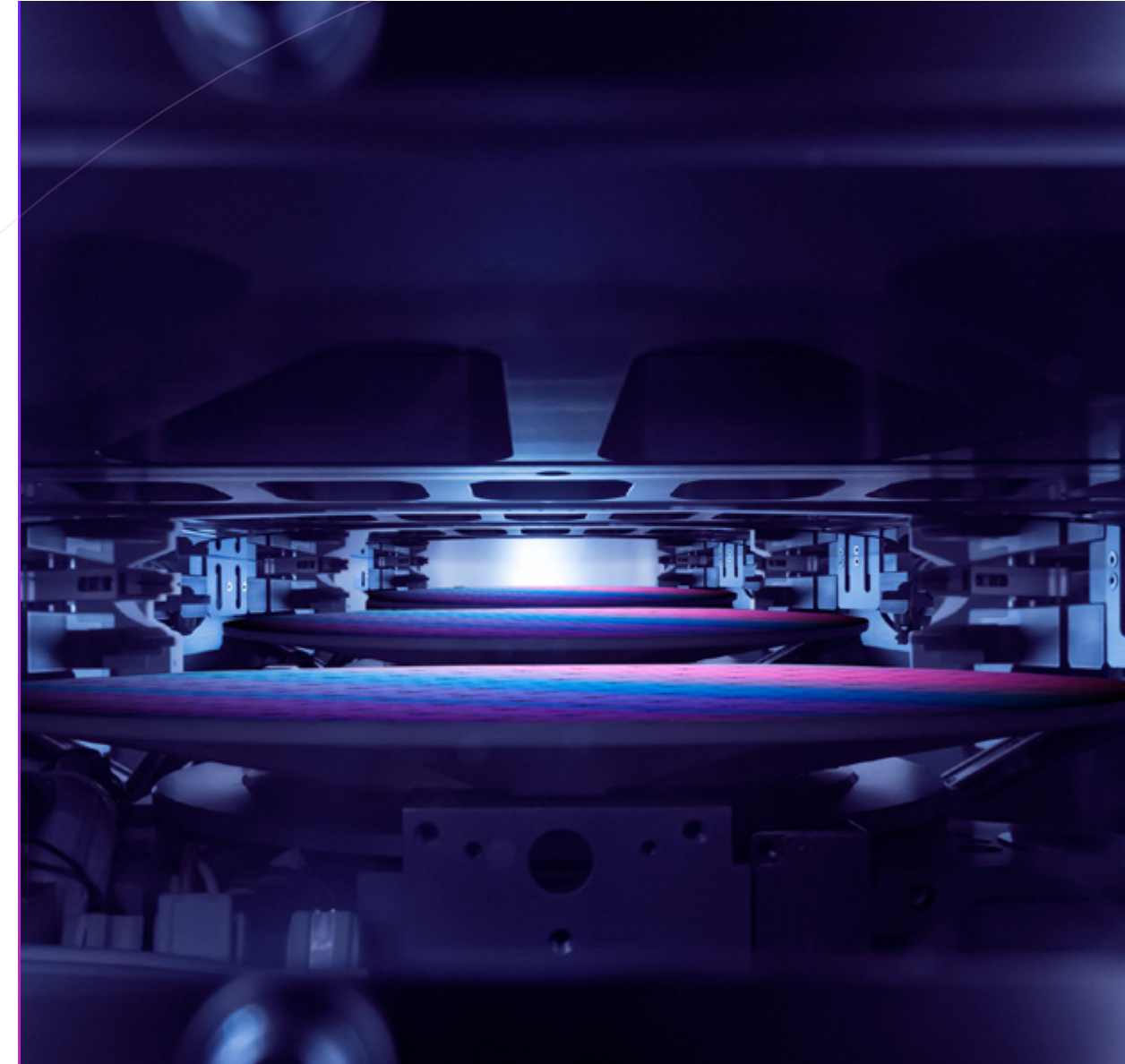
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## Expanding our Impact

**Stakeholder dialogue and partnerships lie at the core of how Nova understands its role in driving innovation.**

This is also the form of relationships we foster with our customers and external partners such as academic and research institutes, OEM partners and industry consortia driven by the Israel Innovation Authority and The European Union. We work closely with a myriad of partners to address critical industry challenges and develop groundbreaking solutions with a broad impact.

The diverse stakeholder collaboration also includes strong partnerships with academic institutions and research organizations either directly or via consortiums. We work with leading Israeli universities such as the Weizmann Institute, Tel Aviv University, and the Hebrew University of Jerusalem, to identify research opportunities that can benefit the company and the industry alike.





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## Strong Partnerships Benefiting the Industry

Over the past years, several of Nova's close collaborations bloomed into award winning scientific publications, which provided new knowledge into improving production processes.

### Best Paper at SPIE 2018

In 2018 Nova co-authored a paper with GLOBAL FOUNDRIES, a leading foundry manufacturer, titled 'Implementation of machine learning for high volume manufacturing metrology challenges' which describes the breakthrough work in bringing Machine Learning technology into the production environment.

The collaborative work of Nova and GLOBAL FOUNDRIES examined the suitability of machine learning to address high volume manufacturing metrology requirements for applications in both front end of line (FEOL) and back end of line (BEOL) in advanced technology nodes. Feasibility to predict CD values from an inline measurement using machine learning engines was demonstrated, as well as the usage of machine learning data to directly predict electrical parameters.

**A year later, the paper won the Diana Nyssonen award for 'best paper at SPIE's 2018 Advanced Lithography Symposia.'** The paper was the result of our continuous partnership and demonstrated the innovation we promote in advanced process control utilizing our unique and differentiated software solutions. The methodology described in the paper was installed and utilized by GLOBALFOUNDRIES in high volume manufacturing.

### Best Paper Award SPIE 2022

In 2022, Nova co-authored a paper with the imec research institute, and several additional companies including Applied Materials, Hitachi and Zeiss, as part of a research project exploring applications of future lithography techniques.

Metrology of thin resist for high NA EUVL, describes the metrology methodologies developed and adapted to enable next generation numeric aperture extreme ultraviolet lithography – a critical technology in enabling geometrical scaling in future nodes of integrated devices.

At SPIE Advanced Lithography+Patterning Symposium, the paper has been honored with **The Vladimir Ukrainstev Award for Collaboration in Metrology.**



Best metrology paper award for 2022. Vladimir Ukrainstev Award for Collaboration in Metrology



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### Collaboration with leading manufacturers

In 2023, Nova co-authored a paper with Intel, following several years of close collaboration and research into cutting-edge optical critical dimensions metrology for advanced logic nodes, utilizing combinations of physical modeling and machine learning. Together, the companies developed new ways with potentially far-reaching implications for improved process control and faster yield learning in semiconductor process development.

An example of this is the paper **"Full wafer OCD metrology: Increasing sampling rate without the cost of ownership penalty"** presented at the SPIE 2023 Advanced Lithography conference.

The work introduced a novel methodology that allows wafers to be sampled sparsely but provides the parameters of interest as if they were densely measured. The paper demonstrated how the methodology allows increasing data output with no impact on overall measurement time, while maintaining high accuracy and robustness.



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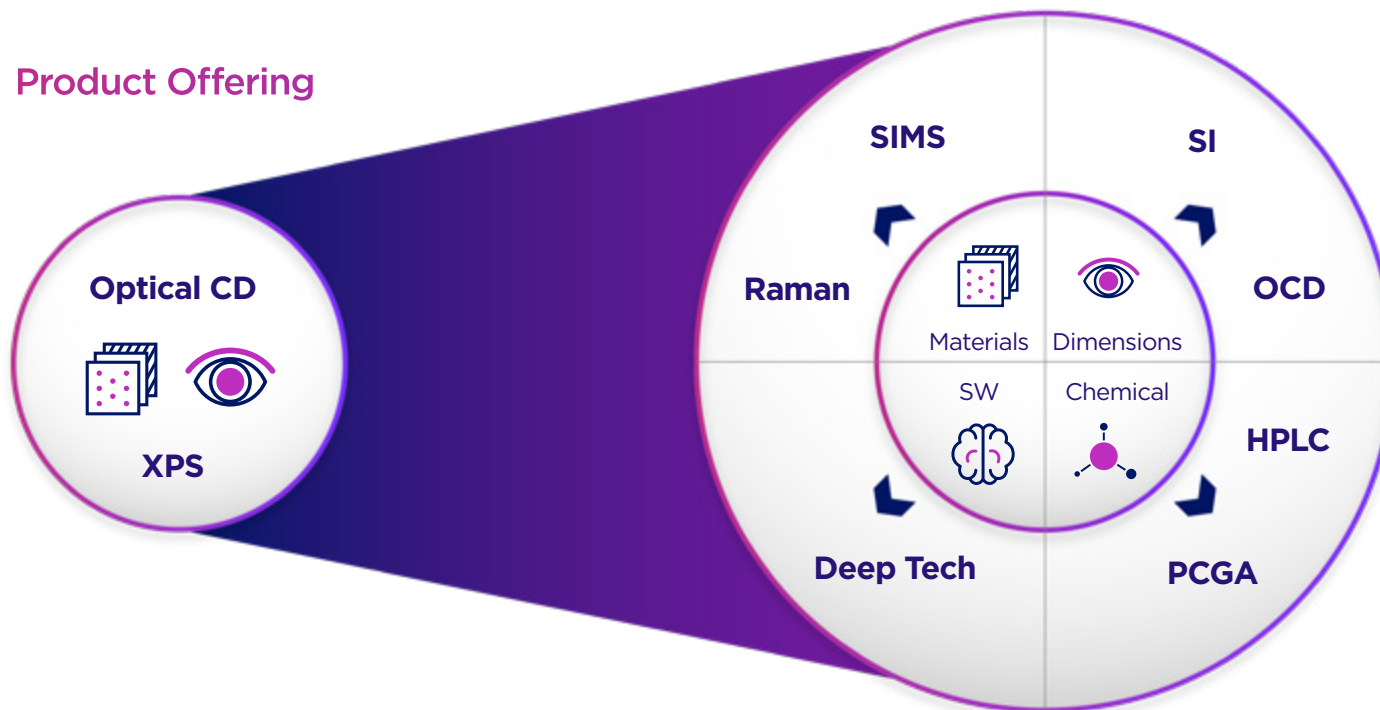
## Diversifying Our Growth

### Diversification through Innovation

Our diverse product portfolio and state-of-the-art solutions are what makes us a leading innovator and key provider of metrology solutions for advanced process control. We strive to deliver continuous innovation by constantly diversifying our product and technology portfolio.

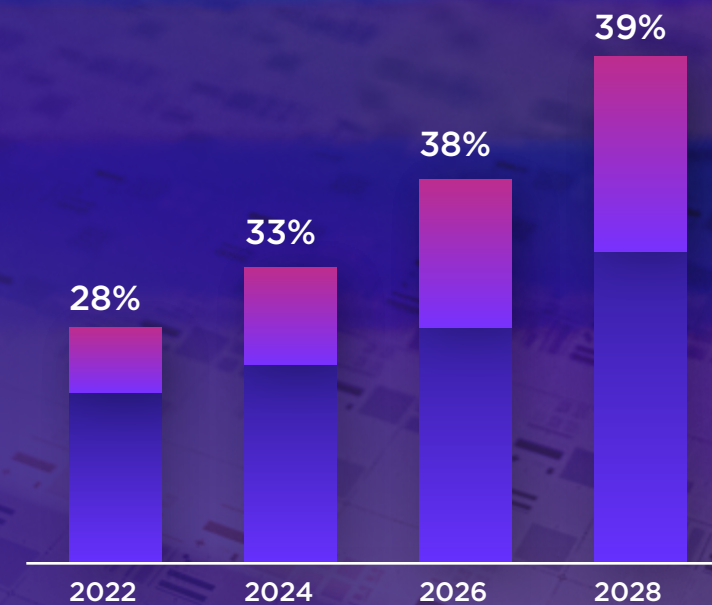
Our origins are embedded in integrated metrology, yet we diversified into multiple solutions for materials and chemical metrology. Our technology tapestry has expanded from a single technology, into numerous ground-breaking technologies and techniques. We ventured from leading the market in physical modeling, to be the first to introduce machine learning concepts into metrology, drastically reducing time to solution and increasing production efficiency.

### Product Offering



## Investment in New Technologies

(of Total R&D. Gross)







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**Advancing Innovation - Lab to Fab**

An avenue of unique stewardship to Nova that propagates our technology diversification, is taking technologies from a laboratory environment and adapting them to high-volume manufacturing of IC devices. This complex transition is highly challenging and requires significant innovation. It involves fully automating a technology, addressing fab connectivity, and adding layers of process control and data analysis to extract quantitative data.

**How Nova Built Its Unique Materials Metrology Portfolio**

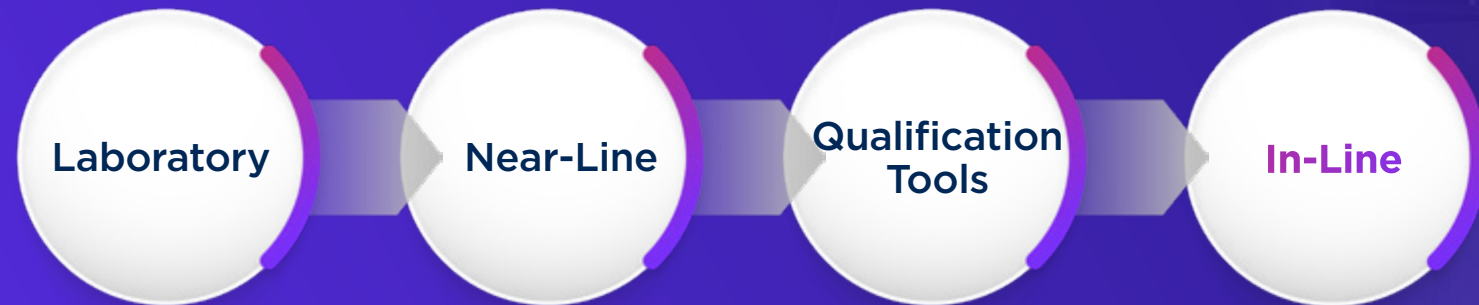
Successful Lab to fab incubation practices were embodied in the transference of several legacy lab technologies for material characterization.

The first X-ray photoelectron spectroscopy, or XPS, is a surface-sensitive quantitative spectroscopic technique used to determine the elemental composition of thin films. It provides information about the chemical state and electronic state of the elements that exist within a thin film or a complex stack. After being confined to a lab environment for many years, we have optimized this technology for advanced semiconductor production environments, and such has become an industry standard.

The second technology, Raman Spectroscopy, is a Nobel Prize - winning vibrational spectroscopy technique, capable of detecting multiple material properties such as strain, crystallinity, phases, grain size and

composition. Prior to Nova's research, the technology had not been used in semiconductor high-end fabrication; its characteristics, capabilities, and suitability for the fab environment had gone unnoticed. Today, it is quickly being adopted by manufacturers to address critical challenges in advanced nodes production.

Finally, Secondary Ion Mass Spectrometry (SIMS) is a technology used for measurement of chemical composition with respect to depth at high resolution and data density. SIMS has been a well-established lab-process in our industry which included transferring wafers to external lab and waiting for several days for the results. In a time-sensitive industry, such a process is a critical bottle neck. Nova successfully adapted the technology to a production environment, enabling a dramatic reduction in measurement times.





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R&D investment

The metrology and process control market see continuous technological development and innovations. The rapid development and continuous innovation required to make an impact begin with people. At Nova, we have assembled R&D teams of experienced scientists and engineers, which consist of **over 24% of advanced degree holders.**

Our commitment to research is our competitive advantage. Nova’s diverse product portfolio stems from the highest levels of research, with a robust infrastructure in place to develop new ideas into breakthrough industry solutions.

2022  
**\$84M R&D 28% INNOVATION**

Annual investment in R&D, and in New Technologies of total investment

	2018	2019	2020	2021	2022
Total investments (in millions of dollars)	51	45	56	68	84
technologies	26% (13)	26% (12)	26% (16)	20% (13)	28% (24)







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### Intellectual Property Management

The span of our research efforts is reflected in our intellectual property (IP). Our continued success depends upon our ability to protect our core technology and IP. We, therefore, have an extensive program devoting resources to seeking patent protection for our inventions and discoveries. This includes over 500 patents granted worldwide.

The number of patent applications we file grows perpetually, currently standing at over 900 filed applications. Our patents are filed with relevant patent authorities in the US, Israel, Japan, South Korea, Taiwan, China, EU, Germany, UK, and France. To protect our proprietary rights, we also rely on a combination of copyrights, trademarks, trade secret laws, contractual provisions (e.g. confidentiality agreements) and licenses.

**500+** Patents granted worldwide      **900+** Filed applications

### Nova IP: Patent applications and Granted patents 2018-2022

	2018	2019	2020	2021	2022	Total
# Applications	31	39	60	61	94	285
# Granted patents	33	50	49	47	38	217





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## Innovation through M&A

A core element of our differentiated portfolio strategy is to rely not only on organic innovation, but also identify and adopt innovative technologies through acquisition. As part of Nova's ESG commitment, we intend to amplify future M&A initiatives by addressing guidelines reviewed in this document and other ESG aspects as part of our due-diligence processes. We continuously strive to tighten the link between metrology and wafer fabrication. Thus, we identified material characterization as a critical emerging need in process control and focused on leading the field of materials metrology.

### Revera: Proliferation of a New Industry-Wide Standard

In 2015 Nova acquired Revera, a materials metrology company. The introduction of in-line, high-volume process control over material properties required the development of several new technologies previously not present in the fabrication line. Revera has developed the once lab-bound technology of X-Ray Photoelectron Spectroscopy into an inline solution, that will later mature into an industry-wide standard. Now the materials metrology division at Nova, the team also succeeded in developing a second lab-based technology, Secondary Ions Mass Spectrometry, into a full-scale metrology platform. After years of research and development, we believe we offer an immensely diverse and comprehensive portfolio for in-line material characterization, allowing efficient and economical fabrication, reduced manufacturing time and higher yield.



### ancosys: Innovative Approach to Managing Environmental Impact

The introduction of new and varied materials into the fabrication process created yet another arena where such waste reduction and process optimization are of clear benefit. The direct monitoring of chemicals used during fabrication carries multiple advantages including reduced waste of chemical solutions, and reduced amounts of materials used in the process.

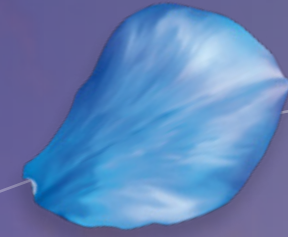
With the acquisition of ancossys in 2022, our technologies now provide feedback on the composition and purity of various processing chemicals. This high-end metrology helps optimize the process and reduces the need to wastefully replenish chemicals, thus contributing to a cleaner environment and better use of natural resources.



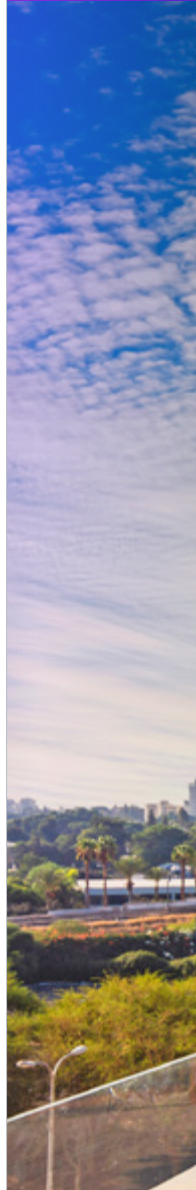




# ENVIRONMENT: AS OUR OBLIGATION





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**Our journey to create a more sustainable future begins with recognizing the need to adapt our business and operational practices in response to pressing environmental issues.**

Our current and future environmental impact pervades our business strategy, operations, products and risk management. Through collaboration with all our stakeholders, we strive for systematic management, ongoing reflection and improvement in all issues related to environmental impact.

Through reducing our direct carbon emissions, water consumption, materials usage and waste, we believe we can make a meaningful contribution to creating a more sustainable future.

Our goal is to invest in environmental management practices and systems in order to monitor and control our environmental impact while expanding our business operations and increasing our global presence.







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## Climate and Energy

In 2023, we plan to begin the process of developing a detailed greenhouse gas (GHG) inventory for our key locations. Our aim is to start mapping our carbon footprint in these sites in order to better define our goals and analyze our progress going forward. As part of this effort, we are collaborating with external experts to establish a system for collecting, monitoring, and enhancing our Scope 1, Scope 2 and later even Scope 3 GHG emissions data. Our aim is to create a set of guidelines and goals which are based on the collected

data as baseline in our key sites, including all Nova’s production sites.

Currently, Nova’ key sites are designed with energy efficiency in mind, with features including LED lighting, temperature controls, variable speed controls for air filtration units (FFUs) and more. Additionally, the company’s new cleanrooms are designed to reduce energy consumption. This focus on energy-efficient design at the company’s facilities shows our focus

on prioritizing energy efficiency, reducing energy consumption, and minimizing the environmental impact of our operations.

Understanding and reducing our GHG footprint is an important component of our sustainability strategy. As part of our inventory analysis, we plan to calculate the GHG emissions using established guidance from the GHG Protocol. The analysis will be based on the following **Scope 1, Scope 2 and Scope 3 GHG Emissions.**

### Scope 1, Scope 2 and Scope 3 Emissions

#### Scope 1

Scope 1 are direct GHG emissions that occur from sources that are controlled or owned by Nova.

#### Scope 2

Scope 2 are indirect GHG emissions associated with Nova’s purchase of electricity, steam, heat, or cooling.

#### Scope 3

Scope 3 GHG emissions cover a range of emissions caused by our upstream and downstream supply chain. In 2023, we will consider when we are ready to begin and track these emissions.



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Energy Efficiency

At Nova, we strive to optimize our energy usage through an ongoing examination of our consumption. We prioritize implementing energy-efficient practices and technologies to reduce our environmental impact and promote sustainability.

**At our current offices we have already taken or plan to take the following measures to manage our energy consumption:**

-  Design elements including glazing and semi-transparent curtains with high sun protection factors have been incorporated into the construction of our offices.
-  Incorporating energy-efficient lighting systems to reduce overall energy consumption.
-  Implementing advanced Building Control System, which includes an automatic and motion sensor-based shutdown features for the entire building's air conditioning systems and lightning.
-  In order to make a meaningful impact, on top of our GHG emissions management, we aim to develop a comprehensive renewable energy strategy and increase our use of renewable energy sources. This will help us reduce our GHG emissions. These methods may include embedding solar panels, other green energy sources and usage of advanced energy generators like geothermal energy technologies.

In recent years, there has been progress in green construction and sustainable building practices. Some countries have established standards for environmentally friendly design and construction, and buildings that meet these standards are often awarded a certification, such as LEED or Green Mark. These certifications recognize buildings that have been designed and constructed to minimize their environmental impact, conserve resources and improve the overall health and well-being of the building's inhabitants. Nova aims to adopt these standards to all of its key sites, so that future working spaces will reside in buildings that have received certifications or accreditations for green building practices.



Israel



Taiwan



China





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## Resource and Waste Management

We work to reduce waste and improve material efficiency across its global production sites. The company has implemented programs for the proper disposal of hazardous and non-hazardous waste, including recycling paper, electrical parts, and plastic materials through authorized local vendors.

Furthermore, we are working to reduce waste generation and improve recycling processes, such as decreasing the use of printed paper and reusing packaging materials for products and spare parts.

We follow regulations in regards to waste and packaging disposal, and we actively work to minimize waste and optimize recycling of packing materials. We are focusing on minimizing our environmental impact and promoting sustainable practices throughout our supply chain.

We have implemented a comprehensive program, known as the '3 RRR' (Reduce, Reuse and Recycle) to manage waste at our offices. Sustainable material and waste management is a systematic approach to productively and efficiently using and reusing materials over their life cycles. Our program is based upon the waste hierarchy, an established waste management practice focused on reducing waste at the source, reusing materials and then recycling wherever possible.

In order to effectively manage and reduce our waste, We plan to standardize waste data collection at

all of our key sites, starting with Israel first as the largest site . By collecting this data, we will be able to set specific guidelines, goals and Key Performance Indicators (KPI's) for future waste reduction targets and recycling programs. At our headquarters in Israel, we are taking a proactive approach by partnering with an environmental organization to implement a waste tracking management system. This system will help us to reduce the waste generated in our offices. This system will serve as a the basis for future waste management programs as we plan the roll out for our other sites.

Nova manages hazardous materials at its key sites in compliance with all local regulations and requirements. In Israel, the company holds a Toxins Permit and works closely with licensed vendors to properly dispose of hazardous waste, always searching for environmentally-friendly treatment solutions, where feasible.

In the production process for our products in Germany, we adhere to all relevant standards set by the EU and German authorities. This includes compliance with regulations related to chemical usage and disposal to ensure the safety of our employees, customers, and the environment.

We believe these measures demonstrate our focus on responsible operations with respect to waste management, while ensuring compliance with all relevant regulations.



### Electronics Recycling

- We prioritize responsible electronic waste management and have partnered with external recycling organizations to handle our electronic waste.
- This partnership ensures that all materials, including desktop computers, laptops, and cables, are re-used where possible, and if not, recycled at end of life.
- Any materials that cannot be recycled or reused are disposed of in accordance with all relevant e-waste treatment and data security regulations.



### Recycled Paper Use

- We are transitioning to using recycled paper in all our offices.
- We are currently in the process of implementing the use of full recycled paper for nearly all paper used in our Nova printers in Israel and have plans to expand this initiative to our offices in China and Singapore in 2023.



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## Reduce

Reducing our resource purchasing and extraction is the most significant of all the options to manage waste. We are committed to taking a holistic approach to waste management and have implemented several initiatives to reduce waste from the source. This includes examining the shelf life of products and purchasing materials with a long life, shifting to electronic invoicing and requiring paperless interactions with contractors and suppliers. We have limited unnecessary printers and have broadcasted these campaigns across multiple digital channels to raise awareness and support our sustainability goals.

## Reuse

In our commitment to environmental sustainability, we actively encourage and promote the use of reusable mugs and recyclable cups in our office settings. To support this initiative, we have provided multi-use mugs for all employees.

## Recycle

At Nova, we have implemented recycling measures at all of our facilities to properly collect, separate, and recycle various types of waste, including aluminum cans, plastic, glass bottles, paper, batteries, toner cartridges, and electronic waste. These materials are then sent to specialized companies for proper handling and disposal. Additionally, in our Israel office, we have implemented a recycling program for recyclable drinking cups, where they are collected, washed, shredded, and then transferred for recycling. We believe in making a positive impact not only in the environment, but also in the communities we serve. That's why we chose to partner with an organization that employs people with special needs and members of underrepresented populations to handle our recycling. In addition, we are planning to launch additional initiatives for recycling additional materials at all of our key sites in the near future.



### Reduce

- Avoid waste and think before you buy.
- Use reusable items such as a water bottle or sandwich wraps.
- Complete a waste audit to see how you can reduce your waste at home.



### Reuse

- Get creative and inventive.
- Repair, clean, refurbish or re-purpose items.
- Don't forget one person's rubbish is another person's treasure.
- Donate unwanted items to charity.



### Recycle

- Recycle correctly to turn waste into new products
- Compost all green and food waste.
- Check out our A-Z to see if you are recycling as much as you can.



### Recover

- Produce energy from waste.
- The majority of Nova's waste is sent to recycling center.

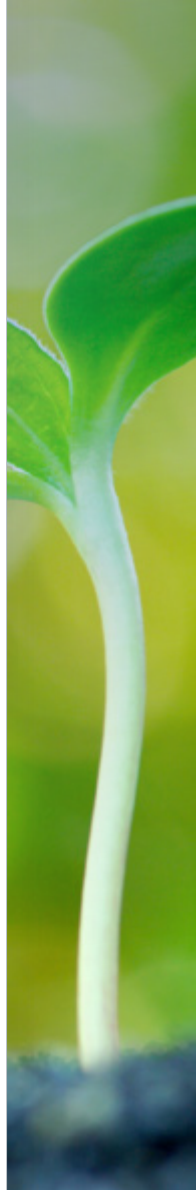


### Disposal

A small proportion of Nova's waste is sent to landfill.





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## Product Quality & Safety

Nova develops and implements advanced manufacturing processes so that our products are safe to use and comply with relevant regulations and industry standards. We follow all relevant country and region-specific requirements including specific standards set in the European Union, USA and Asia. Our risk assessment process follows applicable industry risk assessment guidance in regard to potential safety issues in industrial semiconductor capital equipment.

We have enhanced this process by adding certain procedures to identify quality and safety risks during the product design and development. Nova incorporates a Design for Excellence (DFx) process at the early stages of research and development to identify opportunities for implementing best practices for equipment maintenance and calibration that ensures compliance with safety policies. Additionally, our safety risk assessment process also aligns with the applicable SEMI S10 industry guidelines. This approach allows the company to optimize its production processes while improving energy efficiency.





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## Supply Chain Stewardship

FY2022 was a year of continued growth for Nova, despite ongoing global supply chain challenges. The demand for semiconductors remained high, leading to shortages in the market. However, we believe Nova's supply chain team was able to effectively manage these challenges and meet the needs of our customers by implementing efficient processes with our vendors.

At Nova, we recognize the importance of building strong partnerships with our suppliers in order to maintain a robust supply chain. Our ongoing goal is to enhance the capabilities and awareness of our suppliers in alignment with our values. As part of this effort, we regularly assess our suppliers through a variety of methods, including performance metrics, on-site audits, and periodic evaluations. These assessments take into account a range of criteria, including those related to environmental, social, and governance (ESG) issues. As part of our \$1B plan, we have set a target to achieve compliance with our ESG guidance for over 80% of our strategic vendors. Additionally, during the vendor selection process, we also take into account suppliers' compliance with ESG standards.

We take a comprehensive approach to promote compliance with our ESG requirements and other important regulations among our suppliers. We incorporate our requirements for ethical conduct, conflict mineral sourcing, and code of conduct into our Master Supplier Agreements (MSA) and terms and conditions of our Purchase Orders. Additionally, these requirements are also integrated into indirect supplier contracts as well. This means that all of our suppliers are aware of their obligations to comply with our ESG policies.

At Nova, we encourage our suppliers to conform to the Responsible Business Alliance (RBA) questionnaire, code of conduct, and environmental, health, and safety (EHS) standards. We expect our suppliers to provide a safe and healthy work environment, comply with labor laws, follow regulations on conflict minerals, and conduct business ethically. By holding our suppliers to these standards, we promote responsible business practices throughout our supply chain.







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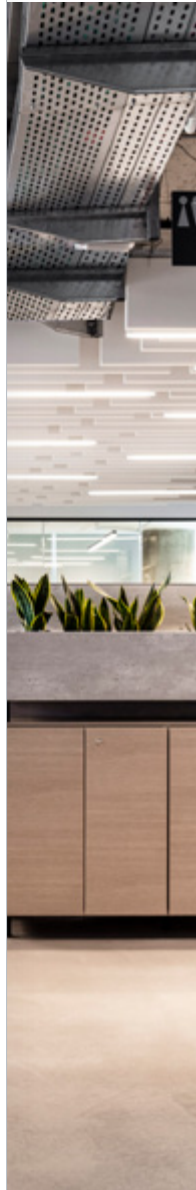
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## Forward Looking Statement

The statements, estimates, projections, guidance or outlook contained in this report include “forward-looking” statements that are intended to take advantage of the “safe harbor” provisions of securities laws. In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or similar words. These statements may contain information about environmental, climate, diversity and inclusion, or other “ESG” targets, goals and commitments, financial prospects, economic conditions, and trends and involve risks and uncertainties. Our actual future results, including the achievement of our targets, goals or commitments, could differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed more fully in the “Risk Factors” section of our filings with the U.S. Securities and Exchange Commission, including our reports on Form 20-F, as well as, with respect to our environmental, climate, diversity and inclusion, or other “ESG” targets, goals, and commitments outlined in this report or elsewhere, and other assumptions, risks, uncertainties, and factors identified in this report.

### A Word about Materiality

This report contains statements based on hypothetical scenarios and assumptions as well as estimates or topics that are subject to a high level of uncertainty, and these statements should not necessarily be viewed as being representative of current or actual risk or performance, or forecasts of expected risk or performance. While certain matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with or reporting pursuant to the securities laws and regulations, even if we use the words “material” or “materiality” in this report.







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GRI Chapter	GRI Standard Title	GRI Disclosure #	GRI Disclosure Title	Report location
General Disclosure 2 (Required)	The organization and its reporting practices	2-1	Organizational details	About Nova; Our Offering; Corporate Governance
		2-2	Entities included in the organization's sustainability reporting	About Nova; About Nova's ESG Insight Report
		2-3	Reporting period, frequency and contact point	About Nova's ESG Insight Report
		2-4	Restatements of information	N/A
		2-5	External assurance	About Nova's ESG Insight Report
	Activities and workers	2-6	Activities, value chain and other business relationships	About Nova; Resource Management
		2-7	Employees	About Nova; People First
	Governance	2-9	Governance structure and composition	Corporate Governance at Nova
		2-10	Nomination and selection of the highest governance body	Our Board
		2-11	Chair of the highest governance body	Our Board
		2-12	Role of the highest governance body in overseeing the management of impacts	Our Board
		2-13	Delegation of responsibility for managing impacts	Nominating, Governance and Sustainability Committee
		2-14	Role of the highest governance body in sustainability reporting	Nominating, Governance and Sustainability Committee
		2-15	Conflicts of interest	Business Ethics and Integrity
		2-16	Communication of critical concerns	Nova's Priority ESG Topics
		2-17	Collective knowledge of the highest governance body	Our Board
		2-18	Evaluation of the performance of the highest governance body	Our Board
		2-19	Remuneration policies	Please Refer to our 20F
		2-20	Process to determine remuneration	Please Refer to our 20F



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GRI Chapter	GRI Standard Title	GRI Disclosure #	GRI Disclosure Title	Report location
Governance	Strategy, policies and practices	2-22	Statement on sustainable development strategy	Environmental Impact
		2-23	Policy commitments	Business Ethics
		2-24	Embedding policy commitments	Code of Conduct; Business Ethics and Integrity
		2-25	Processes to remediate negative impacts	Business Ethics and Integrity
		2-26	Mechanisms for seeking advice and raising concerns	Business Ethics and Integrity
	2-27	Compliance with laws and regulations	Business Ethics and Integrity	
People First	Stakeholder engagement	2-29	Approach to stakeholder engagement	Corporate Governance at Nova
Material Topics 3 (Required)	Disclosures on material topics	3-1	Explanation of the material topic and its Boundary	Nova's Priority ESG Topics
			List of material topics	Nova's Priority ESG Topics
		3-3	Management of material topics	People First; Environmental Impact
GRI 201: Economic Material Topics	GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Corruption and Anti-Bribery
		205-2	Communication and training about anti-corruption policies and procedures	Corruption and Anti-Bribery
GRI 300: Environment Materials Topics	GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Resource Management
	GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	Energy efficiency
	GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Resource Management
		306-2	Management of significant waste-related impacts	Waste management
	GRI 308: Supplier Env Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain Stewardship





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GRI Chapter	GRI Standard Title	GRI Disclosure #	GRI Disclosure Title	Report location
GRI 400: Social Material Topics	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Health and Safety
		403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety
		403-3	Occupational health services	Health and Safety
		403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
				Health and Safety
		403-5	Worker training on occupational health and safety	Health and Safety
		403-6	Promotion of worker health	Health and Safety
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
	People First			
	403-8	Workers covered by an occupational health and safety management system	Diversity, equity, inclusion and belonging	
	GRI 404: Training and Education 2017	404-2	Programs for upgrading employee skills and transition assistance programs	People First
	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Supply Chain Stewardship
	GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community Impact
	GRI 414: Supplier Social Assessment 2016			414-1

\* The GRI methods used in this report were reviewed by a 3rd party consultant, which is a member of the GRI Gold Community



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