



Veeco Corporate Sustainability Report

Issued August 2022



About this Report

Veeco’s third Sustainability Report represents our ongoing commitment to building and improving our sustainability strategy. It contains information about the company’s activities across our global operations during calendar year 2021 and select information from 2022.

This report was prepared in accordance with the GRI Standards: Core Option. This report builds on our most recent [2021 Sustainability Report](#) disclosures by further explaining specific ESG practices, quantitative metrics, and our aspirations.

We tried, where practical, to identify the differences between this Sustainability Report, issued in 2022, and our 2021 Sustainability Report. While there is currently no plan to seek external assurance for this report, we may seek external assurance for subsequent sustainability reports, as appropriate.

This report and its material topics have been reviewed with and approved by the Veeco ESG leadership team and by Veeco’s Chief Executive Officer and Chief Financial Officer.

This report contains forward-looking statements, including our plans, goals, targets, commitments and other statements that are not historical facts. These statements are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements are set forth in the “Risk Factors” of our SEC filings, including our recent Forms 10-K, 10-Q, and 8-K. All forward-looking statements are based on management’s current estimates, projections, and assumptions, and we assume no obligation to update them.

For any questions, please contact investorrelations@veeco.com.

Veeco ESG Resources

- [Veeco ESG Landing Page](#)
- [2021 Sustainability Report](#)
- [Environmental & Social Responsibility Statement](#)
- [Veeco Code of Conduct](#)

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MAKING A **MATERIAL** DIFFERENCE

About Veeco

- Letter from our CEO
- Veeco Fast Facts
- Megatrends Aligned with Core Technologies

Message from our CEO

Since the release of our first Sustainability Report in 2020, much has changed at Veeco. Reflecting on the past year and a half, I'm extremely proud of what the Veeco United Team has accomplished. I think of 2021 as an inflection point for Veeco, where we completed a transformation and are now squarely executing our growth strategy. Our focus on innovative R&D resulted in exciting new products that are gaining traction through extensive customer evaluation programs and we published an optimistic long-term financial model at our Analyst Day in September 2021.

During our recent growth and transformation, there have been profound social and global economic challenges, many of which have prompted corporations to pay greater attention to their environmental, social, and governance (ESG) impacts. At Veeco, we have been working to address the health and safety effects of a global pandemic, benefits of greater diversity and inclusion, and supply chain disruptions. At the same time, we placed greater focus on mitigating our carbon emissions and increasing our use of renewable energy sources.

Our vision is to enable a future where technology improves the human experience, and we recognize that our ability to achieve our vision is dependent in part on our corporate sustainability efforts. With this in mind, we strengthened our commitment to corporate social responsibility in 2022 through the issuance of Veeco's initial ESG Goals. Our sustainability efforts, however, are not limited to the achievement of these goals and we are proud

to share the results of further ESG progress in 2021 and the first half of 2022 in this report.

Highlights of our ESG progress include the following:

Environment

- **Climate & Energy Goals:** Veeco issued its first climate goal of reducing normalized emissions 10% from heating and purchased electricity (scope 1 & 2) by 2025. We are also targeting 50% renewable energy procurement by 2030 for our U.S. facilities.
- **Product Responsibility:** We are actively engaged with our suppliers and customers on REACH, RoHS, and TSCA compliance to responsibly manage hazardous chemicals in our products.
- **Data and Transparency:** We improved our tracking, calculation methodology, and disclosure for key environmental data.

Social

- **Diversity & Inclusion:** Consistent with our Core Values, we set targets to increase the representation of women and underrepresented employees at Veeco and established a Diversity & Inclusion Council to oversee and promote progress in this important area.
- **Philanthropy:** In a partnership with the NAACP, we awarded scholarships to graduating high school students pursuing college degrees in STEM disciplines. We also announced a goal of continuing to expand our charitable giving and outreach in our local communities.
- **Focus on Culture:** We are increasing the frequency by which we measure employee satisfaction and assess corporate culture through employee surveys. Veeco also addressed inflationary pressures facing our employees by awarding

additional compensation designed to help alleviate these challenges.

Governance

- **Sustainability Accounting Standards Board (SASB) Disclosure:** In keeping with our goal of expanding our ESG disclosure and in response to our investor outreach, we added a SASB Index to our Sustainability Report to share additional financially-material ESG information.

I have great confidence that our Veeco United Team will meet or exceed our ESG Goals and will continue to make Veeco a more environmentally friendly, inclusive, and responsibly governed company.

Bill Miller

Chief Executive Officer, Veeco



About Veeco

Veeco is an innovative manufacturer of semiconductor process equipment. Our proven ion beam, laser annealing, lithography, MOCVD, and single wafer etch & clean technologies play an integral role in the fabrication and packaging of advanced semiconductor devices. With equipment designed to optimize performance, yield, and cost of ownership, Veeco holds leading technology positions in the markets we serve. Veeco is a public company, listed on the NASDAQ exchange (VECO), incorporated in the State of Delaware.



Veeco Fast Facts



VECO
NASDAQ Listing



Plainview, NY
Headquarters



75+
Years of Experience



~450
Patents

Veeco United



~1090
Team Members



11
Countries of
Operation



>900
Unique Suppliers



#1 Priority
Safety of our customers
and employees

Economic Performance

\$583M
Annual Revenue in 2021

~\$1B
Market Capitalization
(June 2022)

Core Technologies



Laser
Annealing



Ion Beam



AP Lithography



Wet
Processing



MOCVD

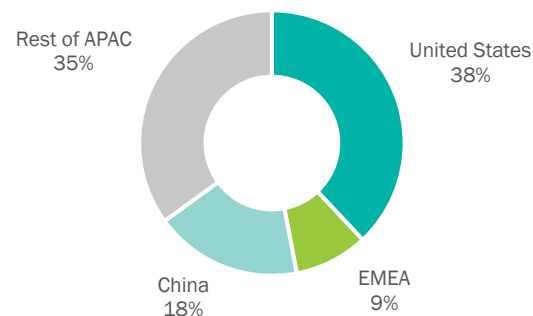


MBE

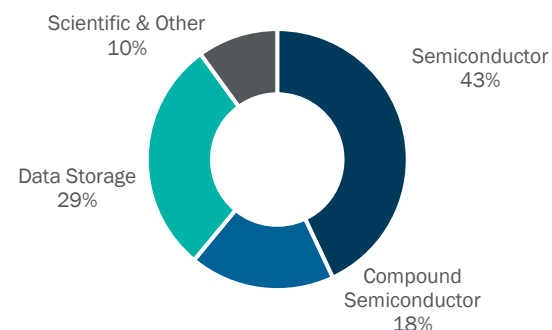


ALD

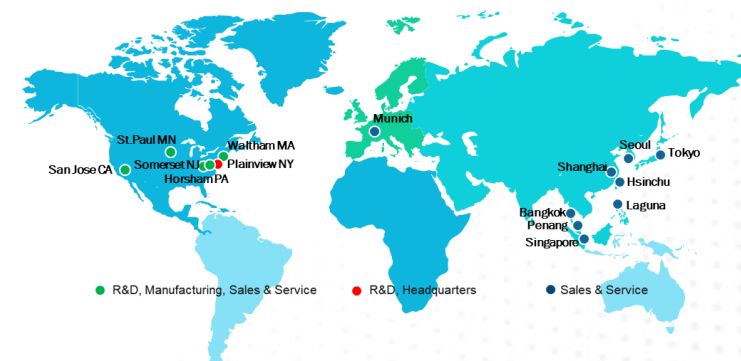
Geographic Breakdown of Revenue 2021



End-Market Breakdown of Revenue 2021



Global Presence



Megatrends Aligned with Core Technologies

End-Markets	Megatrends	Core Technologies
At Veeco, we sell our core technologies into four end-markets. These end-markets are supported by lasting megatrends. Semiconductor Compound Semiconductor Data Storage Scientific & Other Semiconductor includes front-end and back-end semiconductor as well as EUV mask blank systems Compound Semiconductor includes RF Filter and Device applications, power electronics, and photonics applications such as VCSELs, laser diodes and MicroLED displays Data Storage includes equipment supporting magnetic head manufacturing for hard disk drives Scientific and Other includes research institutions and other applications		Ion Beam AP Lithography MBE ALD Laser Annealing Wet Processing MOCVD

Making a Material Difference

- Mission, Vision & Core Values
- Stakeholder Engagement
- Materiality Assessment
- Material Topics

Core Values, Vision & Mission

We will always put our **CUSTOMERS** first

We strive to truly listen to our customers by working hard to understand their needs and questions. Diverse perspectives and expertise unlock the best solutions for both our customers and Veeco. Patience, respect, and honesty drive all our interactions, especially those with our customers.

We will never compromise on **SAFETY**

When it comes to safety for our employees, customers and suppliers, there is no competing priority. Safety is at the forefront of what we do and designed into our tools and processes. We thank the Veeco United team for living by our commitment to safety by properly identifying and correcting concerns both proactively and as they arise.

We will always demonstrate **RESPECT**

Everyone is entitled to respect and dignity. A culture of openness and inclusion is necessary to building a better company and empowering our employees.

We will never stop **IMPROVING**

Our employees are committed to progress. Lifelong learning drives our non-stop improvement both professionally and personally. We pride ourselves on finding innovative solutions to difficult problems and making our operations more efficient.

We will always be **ACCOUNTABLE**

Accountability means that we are responsible for our actions, behaviors, performance, and decisions. When problems arise, accountability means that we don't point fingers and we don't place blame. Instead, we communicate and take ownership.

We will never forget that **DIVERSITY** and **INCLUSION** makes us stronger

At Veeco, we honor and value the richness and diversity of all colleagues, their contributions to improving the human experience, and to living the Veeco United Core Values. Diverse perspectives allow us to better understand our global market, empower innovation, and create a dynamic culture of inclusion.

VISION

To **ENABLE** a future where technology improves the **HUMAN** experience

MISSION

We **COLLABORATE** with the world's leading technology companies to unlock the **VALUE** of challenging material applications



Stakeholder Engagement

At Veeco, we value and seek the feedback of our internal and external stakeholders. Their expectations and demands drive our business processes and ESG strategy.

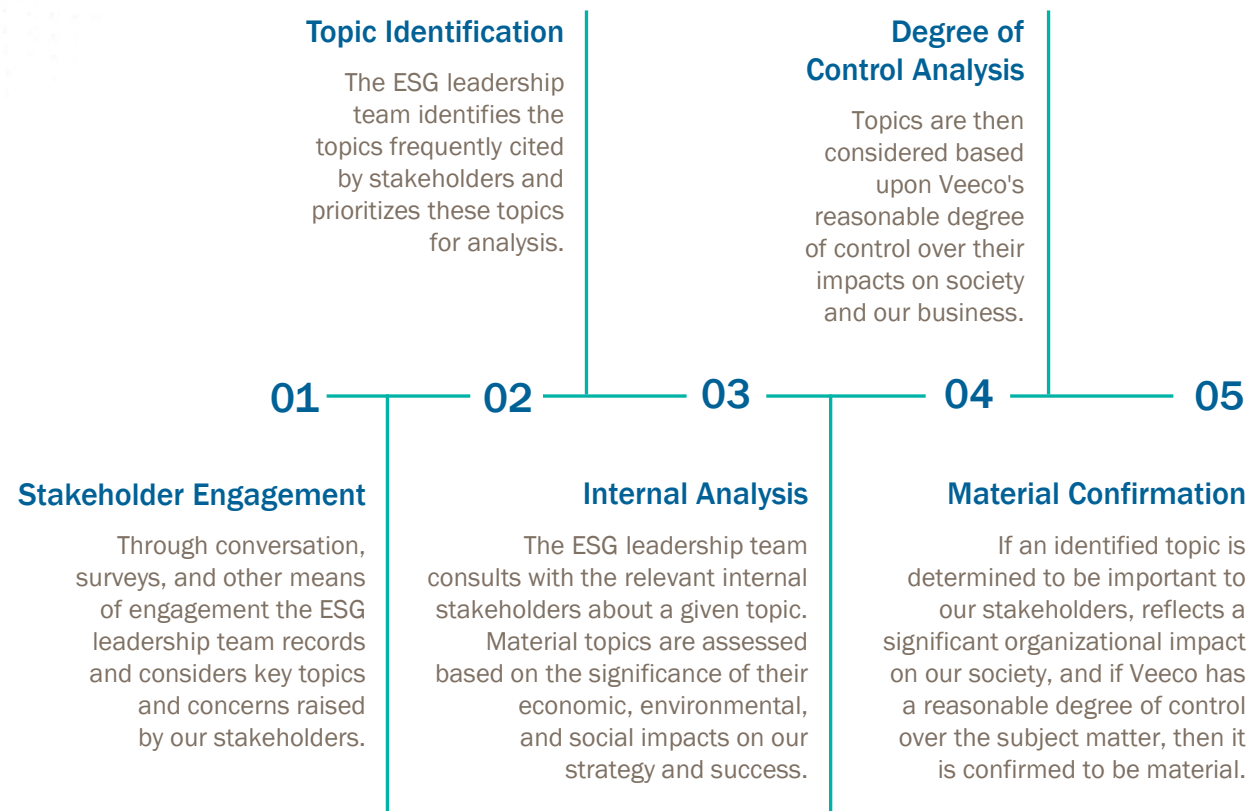
The work of our ESG leadership team and other Veeco team members allowed us to identify 5 major stakeholders with whom we regularly engage. These stakeholders are employees, customers, investors, suppliers, and communities & organizations.

We engage with these stakeholders through several communication channels and forums. We have compiled their feedback and enumerated the ways in which we've responded to their needs.

Multi-stakeholder collaboration, engagement, and communication are critical to addressing the most pressing issues facing Veeco and the world. From racial and gender equality to climate change, leadership guided by our stakeholders is invaluable.

	Engagement	Topics Raised	Our Response
Employees	- All-hands, small group, and one-on-one meetings - Goal setting, mid-year, and year-end performance assessments - Employee surveys - Veeco Hotline - Training and workshops - Executive e-mails and podcasts	- Capability development and training - Culture - Covid-19 Safety	- Local leaders are developing action plans to respond to 5 priority topics across the organization that were identified through our employee survey. - Building a culture of accountability and respect by celebrating diversity and continuous improvement. - Covid health and safety plan that prioritized working from home for those who could, provision and requirement of masks, and daily health check-ins on-site. - Establishment of a Diversity & Inclusion Council.
Customers	- In-depth training on product use and safety - Responsive customer service team - Updates on optimization - Customer Surveys	- Power, Performance, and Cost - ESG Practices and RBA Code of Conduct - Environmental Compliance - Supplier Diversity	We have made significant strides from an ESG perspective since the publication of our first sustainability report. In this report, we provide a comprehensive overview of Veeco's ESG initiatives, challenges, and goals.
Investors	- Shareholder meetings - Quarterly earnings calls - Conferences & Non-deal Roadshows	- Business Strategy & Outlook - Financial Results - Capital Priorities	- Hosted an Analyst Day detailing Veeco's near and long-term strategy and outlook in September of 2021. - Conducted investor outreach in 2021 which targeted approximately 75% of Veeco's outstanding share ownership in order to seek feedback and provide transparency on ESG-related matters. - Began disclosure aligned with SASB, in addition to GRI, and have improved ESG transparency more broadly.
Suppliers	- Supplier screening / surveys / questionnaires - Supplier visits and audits - Supplier Code of Conduct	- Transparency - Capacity - Forecasting	- We are continually improving communication and transparency with our suppliers. - Updating our supplier on-boarding survey. - Clearly delineating expected conduct through our Code of Conduct, Supplier Code of Conduct, Human Rights Policy, Conflict Minerals Policy, and Environmental & Social Responsibility Statement.
Communities & Organizations	- Partnerships - Promotion of shared principles - Disaster relief - Volunteering	Diversity & Inclusion	- A commitment of our Diversity & Inclusion Charter is to enhance community partnerships and outreach via sponsorships and engaging with diverse communities. - Partnering with the NAACP, our Veeco STEM Scholarship fund awarded \$11,000 of academic scholarships to four of Long Island's brightest young minds pursuing STEM careers in 2021.

Materiality Process



In a rapidly changing business and social environment, our materiality process is critical in prioritizing responses to our stakeholders, mitigating risk, and developing our Veeco United culture.

Since our inaugural sustainability report in 2020, Veeco has continued to develop and enhance its materiality assessment process. We have stepped up our responsiveness to our internal and external stakeholders by developing a more rigorous and robust methodology of engagement. While our mechanisms have improved, we hope to deepen and strengthen our stakeholder engagement and materiality assessment in future reports.

Utilizing the GRI framework we have developed a process for materiality assessment based on three core standards. First, engagement with our internal and external stakeholders allows us to create a list of potential material topics. Next, the material topics are considered based upon the significance of their economic, environmental, and social impacts on Veeco’s business and strategy. Lastly, we assess Veeco’s reasonable degree of control over these topics. When a topic is identified as having a significant impact and is an area over which Veeco has control, then the topic is confirmed as material.

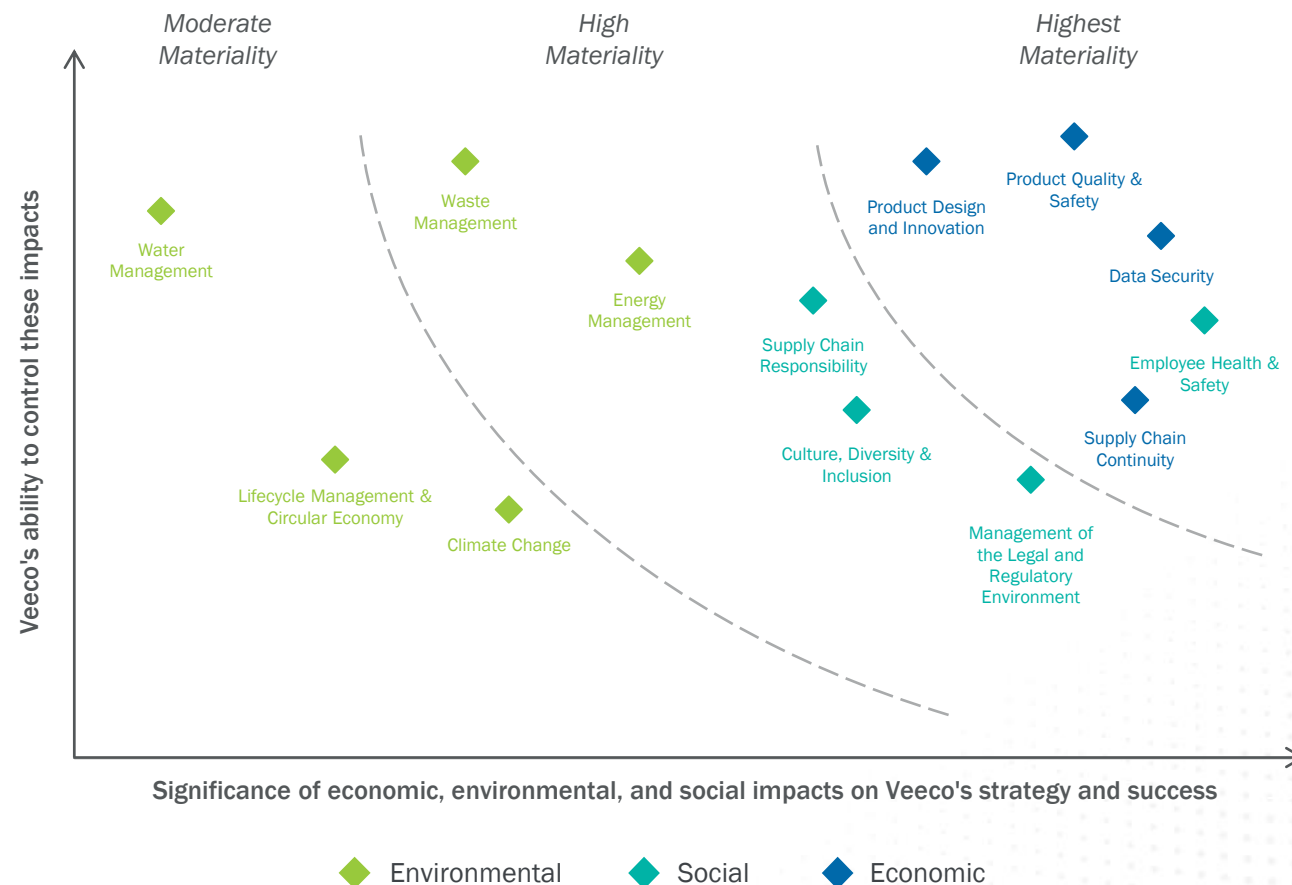
Materiality Assessment

Our materiality process yielded 13 material topics from a potential list of 25 identified topics. We believe our selections capture the full range of Veeco's impacts and their boundaries.

Three overarching boundaries define where Veeco's impacts occur. These boundaries were identified during the internal analysis and degree of control steps of our materiality process.

First, impacts may be defined as internal. Our actions impact our business success, strategy, culture, and our team of employees. Second, impacts may occur upstream from our operations. Our procurement of materials and technology impact our suppliers, their employees, and their communities. Lastly, impacts may occur downstream from our operations. The health and safety of our customers, their organizations, and their communities must be considered as well.

The materiality matrix depicted to the right captures the work of our stakeholder engagement and materiality process. We consider all our material topics to be important and work to address them, but the matrix helps to define areas of significant impact on Veeco's success and strategy, as well as our reasonable degree of control over those impacts.



ESG Goals

“These goals build on the progress Veeco has made since the release of our first Sustainability Report in 2020. Our long-term ability to execute on our vision of enabling a future where technology improves the human experience is dependent on our corporate sustainability.”

Bill Miller
Chief Executive Officer, Veeco

Goal	Metric	Target	2021	2020
Environmental				
Source 50% renewable energy for U.S. operations by 2030	%	50%	34.2%	29.6%
By 2025, reduce normalized emissions from heating and purchased electricity (scope 1 and 2) by 10% in the U.S. from a 2021 baseline	MT CO ₂ e / \$M Revenue	16.1	17.9	23.5
Introduce a comprehensive hazardous chemical management program focused on REACH, RoHS, and TSCA, partnering with a global leader to assist in compliance	In 2022, we launched a formal program to monitor and manage hazardous chemical substances, as defined by REACH, RoHS and TSCA. The program, which includes partnering with a world leader in compliance, establishing company-wide policies and procedures, and creating design guidelines to ensure compliance in new designs, is progressing as scheduled. We are actively identifying any substances in our existing products that exceed thresholds and taking action, including reduction or replacement where possible.			
Social				
Increase the representation of women at Veeco in the U.S. to 20% by 2025	%	20%	18.9%	19.0%
Increase the number of women and underrepresented employees at Veeco	Female Employee Count	▲	196	181
	Underrepresented Employee Count	▲	125	108
Continue to support diversity in STEM education through our Veeco STEM Scholarship fund in partnership with the NAACP	In 2021, Veeco and the NAACP awarded four students scholarships to assist them in their academic endeavors in STEM. These recipients and future ones were also offered the opportunity to be assigned a Veeco employee as a mentor throughout their college journey. In 2022, we are expanding the program to NJ and CA to support more students.			
Make a material difference in our local communities through outreach and volunteerism	We have recently developed a philanthropy policy and expect to advance charitable events corporate-wide in the coming months and years.			
Governance				
Continue to expand and align our ESG disclosures with international frameworks and rating agencies	In 2022, taking into account stakeholder feedback, we expanded our ESG reporting to include the Sustainability Accounting Standards Board framework. You can find our SASB Index in the accompanying Annex to this report. We have also expanded our CDP engagement to include their Climate and Water surveys.			
	In 2021 and 2022, our ESG scores dramatically improved across several key rating agencies. These include MSCI, Sustainalytics, and ISS. We have also established relationships with the S&P CSA and Moody's ESG. We plan to continue expanding our disclosure, transparency, and progress towards all our goals in the future.			

Veeco United Team

- Responding to Covid-19
- Veeco United Culture
- Diversity & Inclusion
- Employee Health & Safety

Responding to Covid-19

Veeco's highest priorities throughout the pandemic were, and continue to be, the health and well-being of our employees, customers, suppliers, and stakeholders. From the beginning of the pandemic, through the recent challenges posed by the acceleration of coronavirus variants, we have taken precautions to protect employees, visitors, and customers while minimizing disruption to our business.

Our facilities remained operational throughout the pandemic, and we minimized risks to our employees by requiring many of them to work from home wherever possible. We protected customers and stakeholders by providing remote meetings, demos, and service, whenever possible.

Our Veeco United team was committed to remaining flexible and responsive throughout the pandemic. Our team monitored and responded quickly to local, state, and federal guidance related to the pandemic.

We developed a Covid-19 Pledge to describe all the measures we implemented in our facilities to keep employees working on-site safe throughout the pandemic.

Veeco Covid-19 Pledge

- We will never enter the facility if we **FEEL SICK**
 - Having symptoms of COVID-19: cough, fever, etc.
- We will **WORK from HOME** whenever/wherever possible
 - Unless it is essential, make every effort to avoid coming to our facilities
- We will practice **GOOD HYGIENE**
 - Wash hands frequently (at least 20 seconds)
 - Avoid handshaking and all physical contact
 - Cover cough/sneeze with tissue or elbow
 - Disinfect surfaces like doorknobs, tables, desks and food areas
- We will properly wear our **KN-95 MASKS** at all times in Veeco facilities*
- **Mandatory temperature checks and health screenings daily on-site***

* Mandatory use of KN-95 masks and daily health screenings have been suspended at some Veeco facilities in accordance with relevant local laws and regulations.

Veeco United Culture

Our Veeco United team is essential to every part of our business and everything we do. We are committed to building a corporate culture we can be proud of.



Our Core Values were developed by a team of Veeco employees from around the world. Core Values guide every conversation, decision, and action taken by Veeco. It is through the pursuit and achievement of these Core Values that we make Veeco a great place to work.

Our Core Values provide the basis for accountability, support stability in times of change, inform our decision-making, help to create a thriving community, and engage the hearts and minds of our team.

We bring our Core Values to life through the input, ideas, teamwork, and commitment of all our employees. We collaborate with employees through conversations about Veeco's mission and values. Our Core Value Team produces our *From the Heart* video series to share examples of our Core Values in action and to encourage our employees to align with them.

Veeco implements policies aimed at treating all employees fairly and communicating the organization's expectations of them. Changes regarding significant employment policies are reported to the Board quarterly, ensuring accountability.

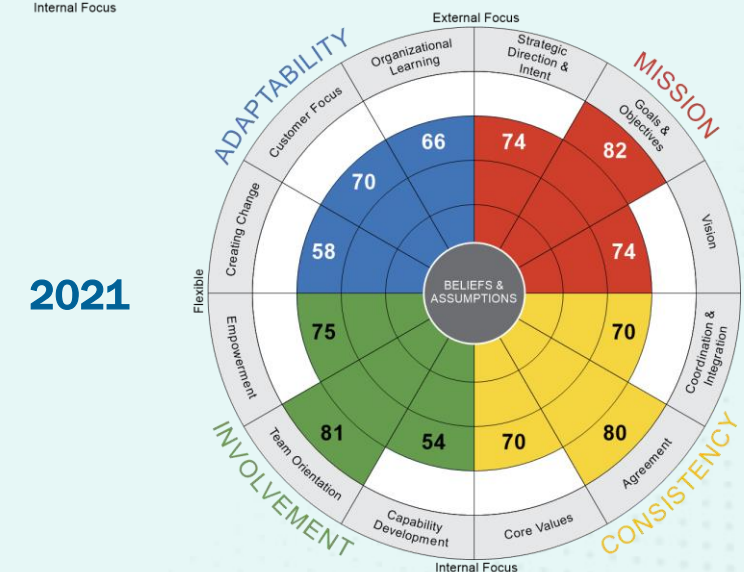
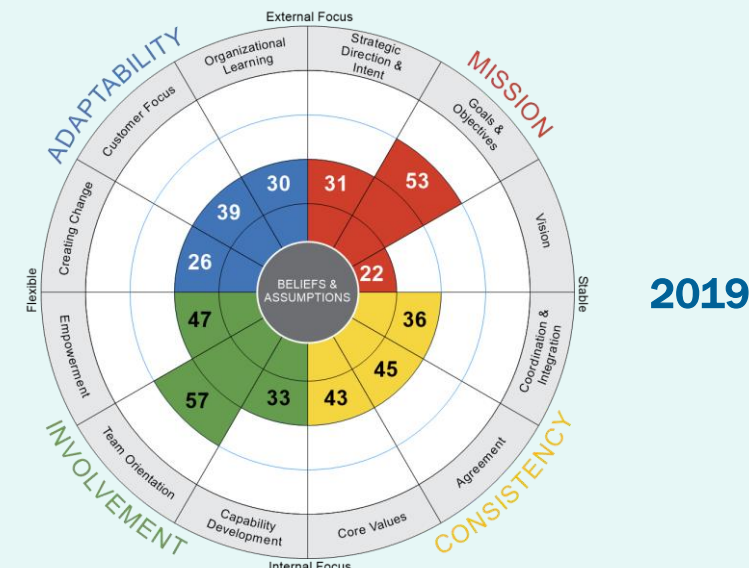
The health and well-being of our employees is essential to developing a strong Veeco United culture. For that reason, we offer one of the most comprehensive [benefits programs](#) available in the industry today to our full-time U.S. employees and their eligible dependents. These include medical, dental, and vision coverage, short and long-term disability income protection, life insurance, retirement plans with generous company matching contributions, and more. Veeco pays the majority or all of the costs for many of these benefits.

Employee Culture Survey

In 2019, we conducted a global survey of company culture designed to measure employee engagement across four culture traits represented by Mission, Involvement, Adaptability, and Consistency. Over 90% of our employees participated, a strong indication of employee engagement at Veeco. Participants provided over 2,000 responses to open-ended questions. The findings from this survey established an agenda for various initiatives, including significant enhancements to employee communications, designed to strengthen our Company culture.

In 2021, we conducted a follow-up survey. Again, over 90% of our employees participated, with results showing significant improvements across the board. These included a greatly improved understanding of Veeco's vision and strategic direction. Employees, managers, and senior leaders are working on further improvements. We will conduct our next survey in 2023 with the goal of building an even stronger Veeco United culture.

Our most recent employee outreach included a 2022 Pulse Survey that featured seven simple questions focused on our top improvement priorities. We have been working hard to survey and respond to the feedback of our employees on an annual basis.



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Diversity and Inclusion

Core Value: We will never forget that DIVERSITY and INCLUSION makes us stronger

Our mission is to build and sustain a culture of Diversity and Inclusion where our people can be their authentic selves and are encouraged to reach their full potential. Our Veeco team, like the technologies we enable, is a rich combination of diverse individuals coming together as Veeco United to make a material difference for our people, our customers, and the world.

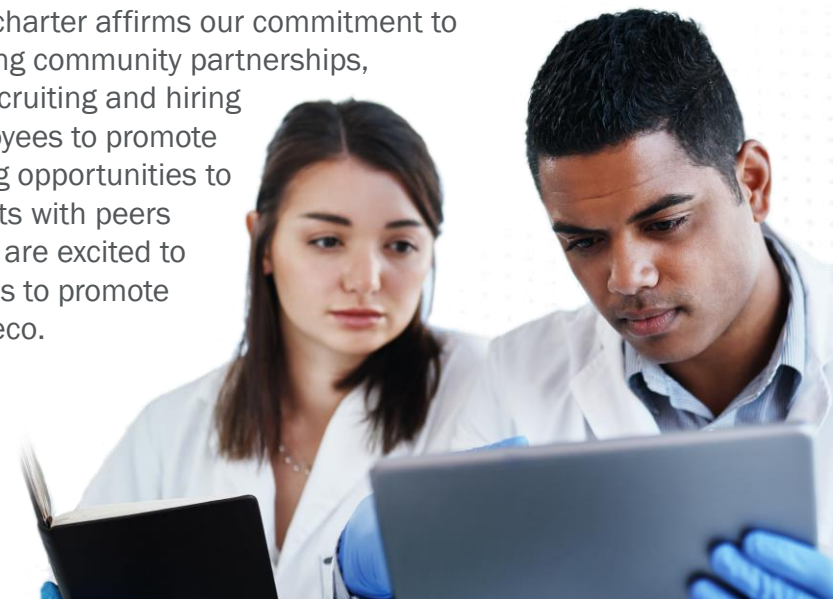
2021-22 Diversity Achievements

- ✓ Added Diversity and Inclusion to our Core Values.
- ✓ Issued our first set of D&I Goals
- ✓ Formed a Veeco Diversity & Inclusion Council.
- ✓ Published a Diversity & Inclusion Mission Statement and Charter.
- ✓ Increased representation of people of color in our U.S. workforce by ~6 percentage points from a 2018 baseline.
- ✓ Increased the total number of women in our global workforce by 13% from a 2018 baseline.
- ✓ Our 2021 summer intern class had a 50-50 gender distribution.

As a global technology company, we recognize that a diverse employee population makes Veeco stronger, more innovative, and a more engaging place to work. We are always striving to attract talented individuals from a global candidate pool to work in our 10 countries of operation.

In the second quarter of 2021, Veeco established a Diversity and Inclusion Council. The Council, composed of diverse Veeco colleagues from many different parts of the Company, represents Veeco's ongoing commitment to inclusion of all genders, sexual orientations, races, ethnic origins, religions, and diversity of thought.

The team has recently published Veeco's Diversity and Inclusion Mission Statement and Charter. The charter affirms our commitment to building awareness, enhancing community partnerships, addressing diversity in our recruiting and hiring practices, empowering employees to promote D&I initiatives, and identifying opportunities to have meaningful engagements with peers and the leadership team. We are excited to continue developing initiatives to promote and celebrate diversity at Veeco.





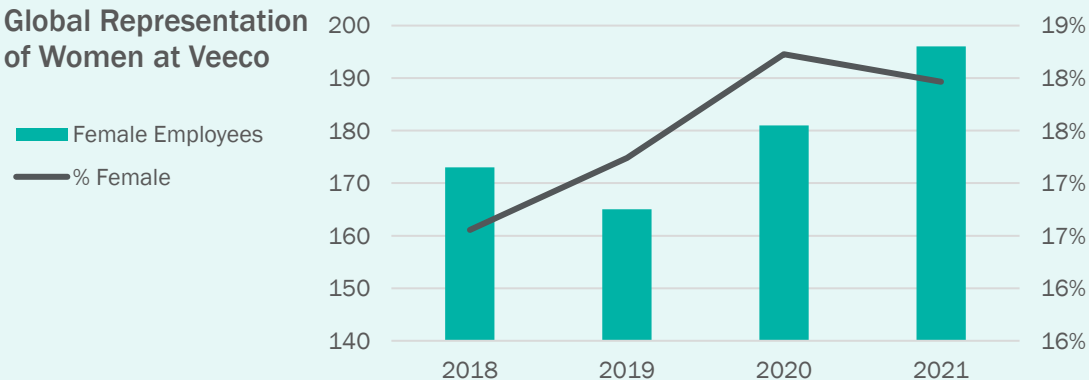
Gender Representation

According to a 2020 [GSA & Accenture gender diversity survey](#) of the semiconductor industry, about half of the survey respondents had 20% or more women in their total workforce. At Veeco, women represent ~19% of U.S. employees and ~18% of global employees. Based on this survey, Veeco is in approximately the 50th percentile for gender diversity.

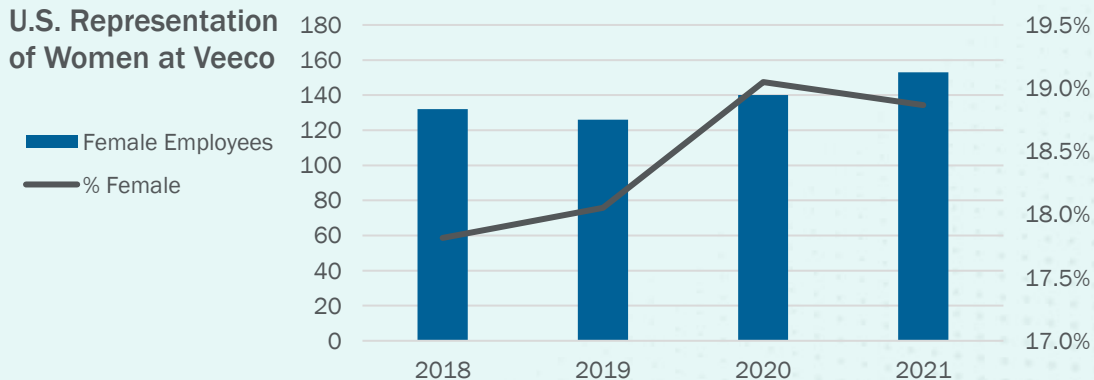
Since 2018, the total number of women in Veeco's global workforce has increased by 13% which corresponds to a 1.5% percentage point increase in the representation of women at Veeco.

In the U.S., the total number of women has increased by nearly 16%, corresponding to a 1 percentage point increase in the representation of women at Veeco.

Global Representation of Women at Veeco



U.S. Representation of Women at Veeco



Diverse Leadership

We believe that all forms of diversity for our leadership team are critical to our strength, success, and building a Veeco United culture.

About half of surveyed respondents in a 2020 [GSA & Accenture gender diversity survey](#) stated that less than 10% of director positions and above are occupied by women.

At Veeco, approximately 17% of global managers and 22% of U.S. leaders are women. People of color comprise approximately 28% of our leaders. Two of nine Directors on our Board (~22%) are women and one of nine Directors (~11%) is ethnically/racially diverse.

New Hires & Interns

Veeco knows that in a global workforce, attracting and retaining the right talent is critical to our success.

From 2018 to 2021, the representation of women in our new hires and interns was greater than the representation of women in our global workforce. In 2021, half of our summer intern class of 12 talented individuals were women. In 2021, women accounted for ~19% of new hires, which is greater than the representation of women in Veeco's global workforce (~18%).



~22%

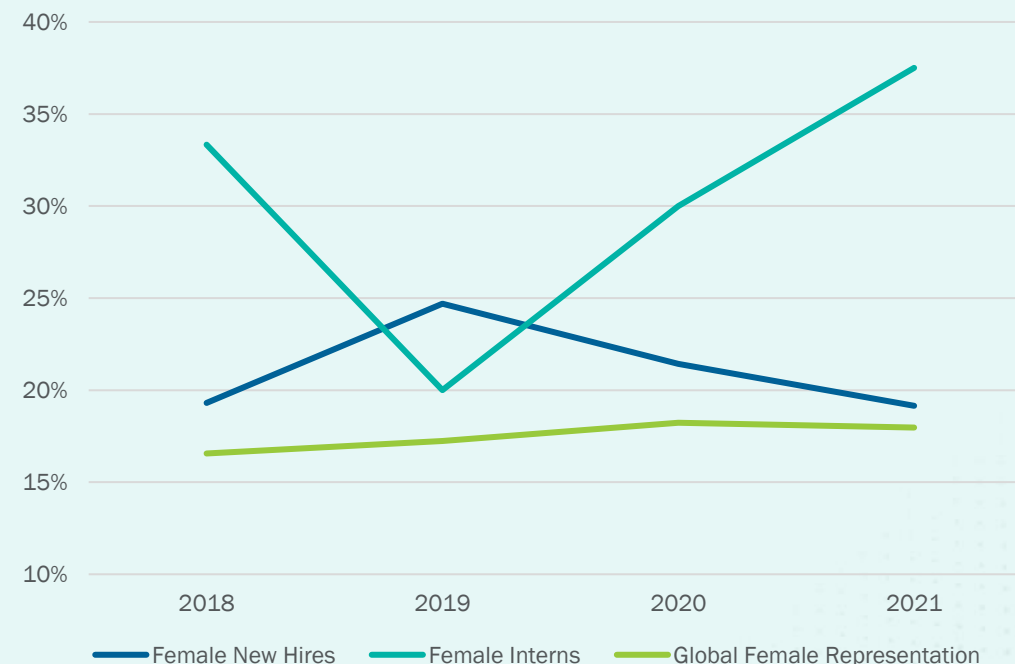
Female Board Members



~17%

Female Leaders

Female Representation Amongst Interns, New Hires, and Veeco's Global Workforce



Racial and Ethnic Diversity

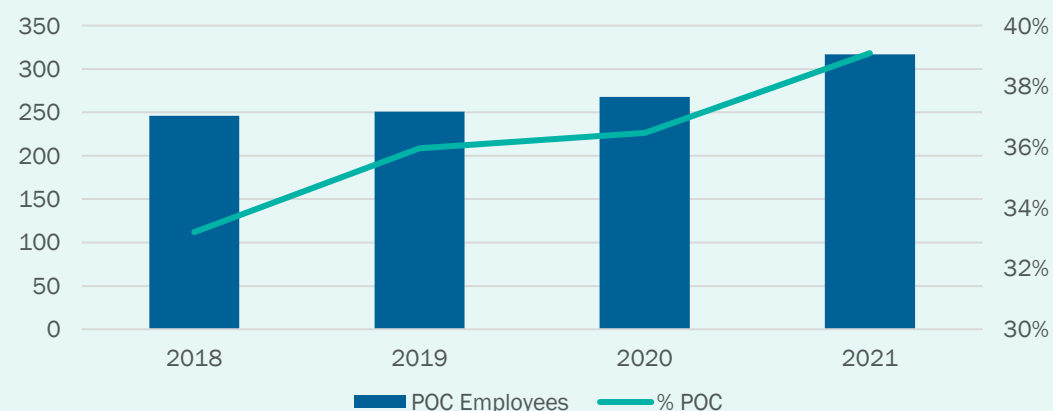
Year over year, the total percent and absolute number of people of color (POC) in Veeco's U.S. workforce has been rising. In 2018, people of color made up 33% of our U.S. employees, and that has grown to 39% in 2021. Notably, the representation of Asian, Black, Hispanic/Latino, and those who identify as two or more races have all increased since 2018.

Equal Opportunity & Non-discrimination

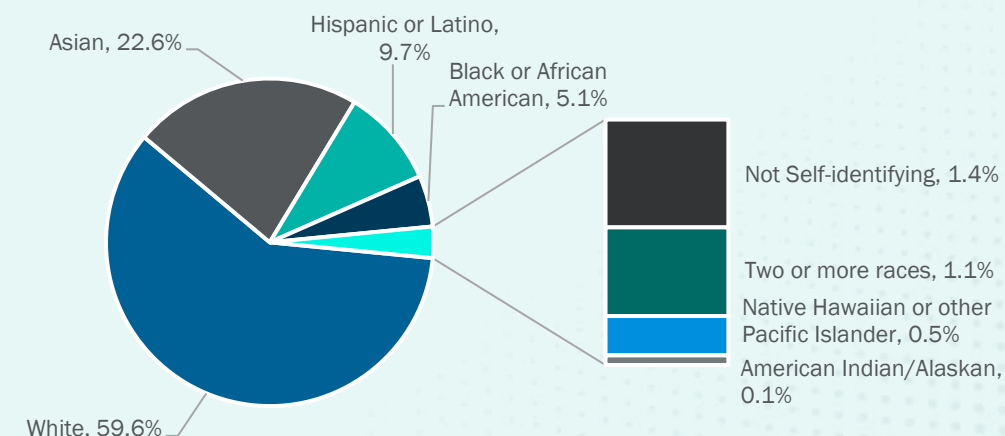
Veeco is committed to equal opportunity in employment, training, and promotion, and mandates fair and non-discriminatory employment practices. We do not discriminate against job applicants or employees because of race, religion, color, national origin, gender, ancestry, age, creed, marital or veteran status, sexual orientation, disability or handicap, or any other characteristic prohibited by law. We believe that providing a workplace free of discrimination, where all team members are treated fairly and with respect, is essential to fostering a culture of inclusion.



People of Color at Veeco U.S.



Racial Diversity at Veeco U.S.



Talent Development & Training

We believe in investing in professional development to ensure that our employees have opportunities for advancement in their careers. Through the company's Learning & Development function, we offer many training and development programs for the benefit of employees located around the world. Additional focus is placed on the development of future Veeco leaders, and we leverage a talent review process as part of succession planning to assess employees for future leadership roles.

Continual improvement and accountability are two of Veeco's Core Values. That's why all full-time employees are required to set goals and objectives annually. We take pride in the fruitful dialogue that emerges from every employee's goal development, mid-year, and end-of-year performance reviews. Valuing our employees, developing their professional skills, and enhancing satisfaction are all a part of building our Veeco United Culture.

We also believe in the importance of continuous learning, promoted through both mandatory training modules and career development learning opportunities. All employees are required to take mandatory training in EH&S, Global Export Controls, Quality & Customer Satisfaction, FCPA (anti-corruption), Cybersecurity, and Sexual Harassment (U.S. only).

Hiring & Retention

Veeco's success depends on our ability to attract, retain, and motivate employees. Our recruitment programs are regionally focused, and hiring is done at a local level to ensure compliance with applicable regulations. We advertise job openings and source candidates broadly to attract a diverse candidate pool. As a leader in our industry, we are able to attract a strong candidate pool and have been successful in filling vacancies.

In fiscal 2021, we hired 223 employees, 181 of whom were within the U.S., 41 of whom were in the Asia-Pacific region, and 4 of whom was within the EMEA region. Approximately 24% of our employees are involved in research and development; 55% are involved in operations, manufacturing, service, and quality assurance; and 21% are involved in sales, order administration, marketing, finance, information technology, general management, and other administrative functions.

Turnover is an important indicator of employee satisfaction, so we closely monitor turnover globally and benchmark locally. Our annual average for voluntary turnover, as of December 31, 2021, was approximately 9.2%. Our employee average tenure is more than 8 years.



Valuing Our Employees

Creating a Veeco United team means prioritizing the health of our employees and creating an environment of collaboration, growth, and fun. Here are some of the resources available to our employees that promote a healthy work environment:



Internship Program

Veeco believes that internship experience is not only valuable for students, but to the greater organization. Our interns gain hands-on experience in disciplines ranging from engineering to finance, and their contributions are valued by our entire Veeco United team.

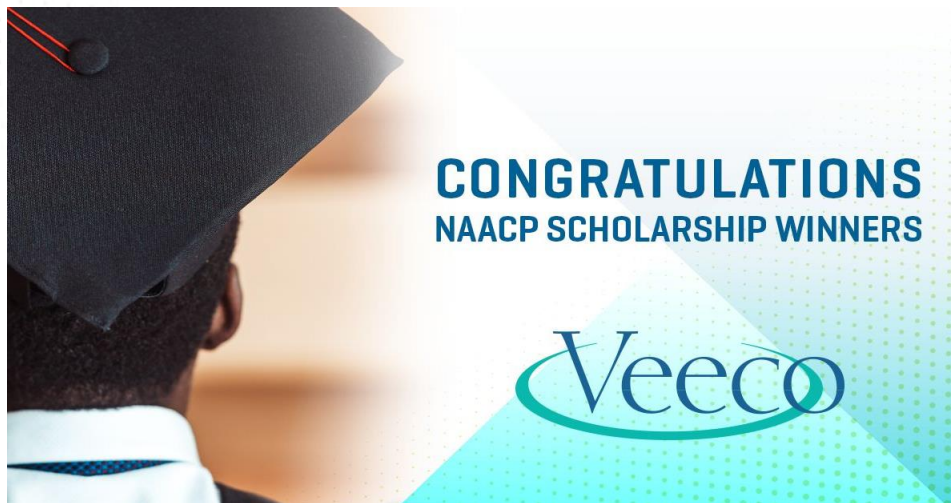
SuccessFactors Learning Management System

SuccessFactors is our online learning center where employees can build their skills at their own pace. We encourage learning and trying new things. Our favorite learning opportunities are action learning – a special assignment, cross-functional collaboration, solving complex problems.

Health & Wellness

We're at our best when our employees are happy, healthy, and engaged. That's why Veeco offers a range of programs that enhance the well-being of our people. For example, our Plainview Health and Wellness Program gives our employees access to biometric screening, flu shots, and an on-site gym.

Committed to Our Community



Veeco & NAACP STEM Scholarship Fund

Veeco is honored to partner with the New York State chapter of the NAACP through our Veeco STEM Scholarship Fund. This scholarship is dedicated to aiding outstanding students pursuing an education in science, technology, engineering, and mathematics. In 2021 we awarded \$11,000 of academic scholarships to four of Long Island's brightest young minds pursuing STEM careers. The award presentation is available for viewing [here](#).

Habitat for Humanity

In recent years, Veeco employees have partnered with local Habitat for Humanity chapters throughout the United States to donate some of our most valuable resources: our people and our drive to build. House construction projects like this help to build communities and opportunities for local families and our colleagues.

Toys for Tots

Toys for Tots boxes are a staple in Veeco's lobbies. Our employees take pride in delivering hope to less fortunate children by donating presents during the holidays.



Veeco’s Health & Safety Management System

Veeco's Environmental Health and Safety Policy, as well as its associated manuals, policies, and procedures, unite to create a comprehensive occupational health and safety management system.

At Veeco, we have implemented safety programs across our organization based on our Core Values and Veeco United culture. Our leadership team has an active role in ensuring we are performing our work as safely as possible. A safe and healthy work environment not only minimizes the incidence of work-related injuries and illnesses, but it also enhances the quality and consistency of Veeco’s products and services, improves employee retention, and boosts morale.

At the core of our management system are the principles of our Environmental, Health, and Safety policy. It is our mission to maintain a safe and environmentally sensitive organization striving to eliminate foreseeable losses resulting in an injury or illness to our employees, property, and the environment.

Our robust health and safety management system helps us meet applicable regulations such as state and OSHA regulatory requirements. The system is designed around Veeco's internally developed policies, industry best practices, and guided by the standards enumerated in ISO 45001. Our San Jose location is aligned with the aforementioned regulations and is ISO 14001 compliant.

Veeco's health and safety management system covers activities and employees of Veeco, as well as workers who are not employees but working on-site at a Veeco facility, in the field, or otherwise on our behalf.

Our Guiding EH&S Principles

- Ensure that the safety of our employees is properly considered as part of the design and operation of equipment.
- Incorporate fire protection, environmental control, and emergency notification equipment as part of the design and operation of our facilities.
- Strive for the conservation of natural resources by minimizing the use of hazardous materials and the generation of hazardous waste in our processes and products and implementing recycling and resource recovery programs.
- Be a responsible corporate citizen, complying with applicable environmental and safety laws, regulations, and industry standards, as well as establishing our own procedures, objectives, and targets.
- Continually improve our management system to support the evaluation and integration of applicable environmental, health, and safety considerations into our business decisions and planning activities.

Health and Safety Governance

Veeco Safety Council Team

Our Corporate Safety Council Team is the governing body for the Veeco Safety Boards. The team is comprised of vice-presidents and senior directors of our operations. They oversee the activities of our Global Services Safety Board and Local Safety Committees in order to address the needs and concerns of our employees regarding health and safety.

Key Elements of our Safety Management System

- ✓ Environmental Policy
- ✓ Objectives and Targets
- ✓ Management Support and Involvement
- ✓ Corrective and Preventive Actions
- ✓ Training
- ✓ Risk Management
- ✓ Continuous Evaluation and Improvement

Site Safety Teams

Each Veeco site has a designated safety committee. These are formal joint management-worker safety committees and are the primary conduit between the departments and site management in identifying and addressing site-specific EHS risks and hazards. The committees work to minimize employee risk and develop work-specific protocols for hazards such as chemical safety, emergency planning, and employee EHS training. Employees are encouraged to take an active role and participate in the monthly meetings.

Quality & Performance

We ensure the quality of our Health and Safety Management System by regularly conducting reviews of incidents, processes, and hazards. Monthly Safety Committee meetings, weekly Safety Team meetings, quarterly, and annual reviews are all pieces of our ongoing commitment to ensure workplace safety and provide outlets for our employees to voice their concerns. Our team of EH&S and Facility professionals receive regular training and recertification in line with regulatory requirements. Our team includes a Certified

Safety Professional, an OSHA Training Certified Professional, and individuals with environmental management and permitting credentials.

Inspections

Veeco works closely with regulatory agencies to ensure that we operate in compliance with relevant regulatory requirements.

Inspections fall into four main categories: routine/surprise inspections, special emphasis inspections, third-party complaints, and employee complaints. Inspections involve a records review, site visits, and close-out meetings.

We have a policy in place for regulatory inspections which outlines responsibilities for pre- and post-inspection actions including a corrective action plan, if required.

Safety Training and Onboarding

In accordance with SEMI S19-0311, we have a training curriculum of mandatory and job-specific topics. Mandatory training topics pertain to our EH&S Policy, Incident Reporting, Facility Security, PPE, Site Emergency Response Plan, Site Housekeeping, and Chemical Safety.

Job-specific training is conducted in several areas for employees based on their involvement with certain hazards. Examples of job-specific training include safety procedures related to radiation, chemicals, lasers, material handling, PPE, and Ga-AsP.

Safety training is provided upon commencement of employment and is refreshed annually or every three years, as applicable. Training is provided in a language easily understood by workers and is administered during paid working hours. Training is provided in person by certified trainers and online through our learning management platform.

Protecting Worker Health

Veeco provides its employees with several avenues to preserve and advocate for their safety. We encourage our employees to speak with their managers, HR, or utilize the anonymous Veeco Hotline to report any concerns about their health and safety.

Retaliation for good faith reporting of health & safety issues is explicitly prohibited under Veeco's [Code of Conduct](#).

Our Field Safety Policy details our STOP WORK policy. The policy identifies several questions to ask about the well-being of the employee and the safety situation. If the answer to any of the questions is no, then employees and contractors are prohibited from commencing or recommencing work.

Hazard Identification & Risk Assessment

Veeco maintains a comprehensive set of policies identifying risks involved in our business processes which span across the office, R&D, and production facilities. Risk assessments are conducted on an as needed basis for new processes, equipment, tools, and chemicals. Current hazards and risks have been identified and assessed.

In our hazard identification and risk assessment process we adhere to the hierarchy of controls to avoid, mitigate, and protect our workers from hazards.

Our EH&S team has created a hazard and risk assessment matrix for general and specific job tasks. For each job task at Veeco, hazards, the likelihood of incident occurrence, and outcome severity have been identified. The corresponding PPE requirements for each task are categorized in the matrix as well.

Certain work hazards pose a risk of high-consequence injury in the absence of proper safety procedures. For these hazards we have developed mandatory policies, procedures, trainings, and PPE requirements. Some of the hazards we have identified include radiation exposure, chemical exposure, laser use, hazardous materials, and noise and eye exposure from certain processes. Our recordable work incidents in 2021 were primarily caused by hazards which we identified as having a likely outcome severity of low to moderate.



Incident Reporting

Our Standard Operating Procedures are designed to allow work-health incidents to be fully reported. We ask that our employees immediately report to the EH&S team all incidents resulting in injury, illness, property damage, or a near miss. It is the right and responsibility of our employees to file EH&S complaints to management and regulatory agencies, as appropriate.

Our comprehensive incident reporting and investigation policy details the escalation reporting process for minor and major incidents, as well as where to access report forms. The escalation process involves immediate notification of a manager or site director, notification of the Corporate Senior EHS Manager within 24 hours, follow-up with an incident-specific report between 24 and 72 hours (depending on the severity of the incident), and further notification to relevant departments. The location of the relevant forms and procedures for incident reporting are easily retrievable and employees are trained on their usage. In accordance with whistleblowing laws and our [Code of Conduct](#), retaliation for good faith incident reporting is explicitly prohibited.

Incident Investigation

Incidents of worker injury and near miss events are reviewed on a weekly and annual basis. Our EH&S Team meets weekly with site-specific safety team members to conduct Corrective and Preventive Action (CAPA) tracking. Our CAPA process helps to ensure that the committee reviews incident reports, identifies root causes, and establishes a corrective action plan to reduce the risk of such an event occurring again. It is our mission to continually improve the safety of our operations and protect the health of our employees.

Quarterly reviews of EH&S Metrics and Incidents are conducted by our Safety Board, which includes members of the Veeco executive leadership team. An annual safety presentation is given to members of our Board of Directors.

Incident Rates

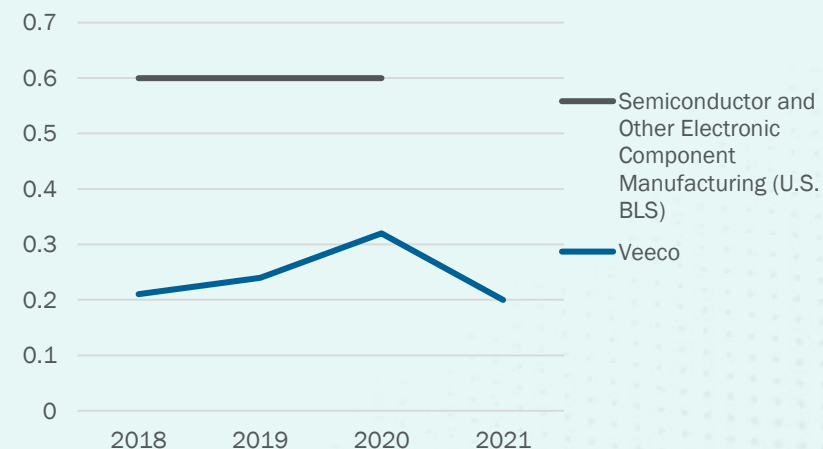
We track safety metrics on a weekly basis. First aid treatment cases, medical treatment cases, lost time treatment cases, and near miss events are all accounted for and addressed in our EH&S Committee Meetings.

In 2021,the main types of work-related injuries were minor lacerations, strains/sprains, and contusions. There were 23 incidents of these events, 8 of which required medical treatment and 2 resulted in lost time.

Veeco’s days away, restricted, or transferred rate is substantially below the semiconductor industry averages, partly due to our diligent efforts in this area. Please see the accompanying “DART Rate” chart.

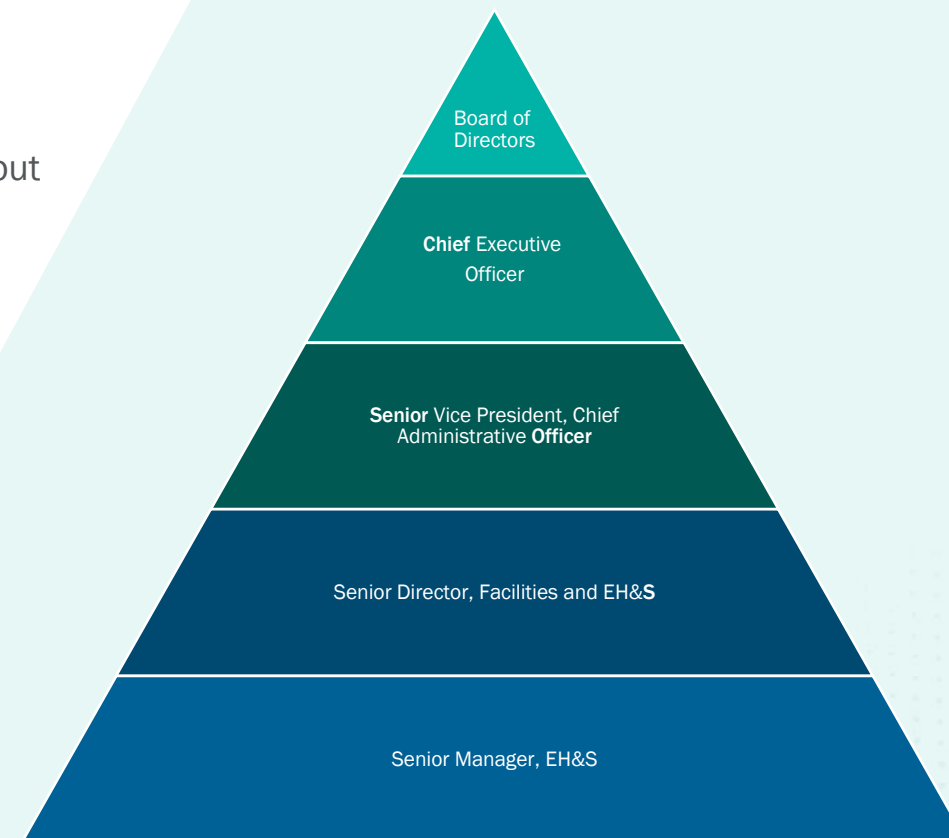


Days Away, Restricted or Transferred (DART) Rate



Chain of Command for the Resolution of EH&S Issues

With respect to EH&S matters, Veeco’s Senior Manager, EH&S, plays a leading role, but it is understood that responsibility for EH&S compliance lies with all Veeco employees. Veeco’s EH&S policies and training materials are readily available to all Veeco employees and are posted on Veeco’s intranet site. A chain of command for the resolution of EH&S issues has been established, and Veeco’s Board of Directors has ultimate oversight of Veeco’s EH&S, ESG, Hotline reporting, and other legal and regulatory compliance matters. These topics appear as recurring items in Board Committee meeting agendas and are discussed and considered on a regular basis, in detail and in earnest. It is a stated goal of the Veeco Board to stay current on trends, legislation, and key shareholder requirements pertaining to social responsibility matters, environmental sustainability, and good corporate governance practices.



Governance & Ethics

- Corporate Governance
- Board of Directors
- ESG Governance
- Code of Conduct and Reporting Violations
- Human Rights

Corporate Governance

Our Board of Directors and executive leadership team are committed to responsible Corporate Governance to ensure that Veeco is properly managed for the long-term benefit of our stakeholders.

Veeco Corporate Governance Resources

- ✓ [Veeco Code of Conduct](#)
- ✓ [Corporate Governance Guidelines](#)
- ✓ [Board Committee Charters](#)
- ✓ [Code of Ethics for Senior Officials](#)
- ✓ [Director Education Policy](#)
- ✓ [Disclosure Policy](#)

To that end, our Board and management regularly review published guidelines and recommendations of institutional stakeholder organizations while evaluating current best practices of similarly situated public companies. The Board and management, consistent with an established set schedule, periodically reassess and revise, as appropriate, Veeco's corporate governance policies and practices to remain current and in full compliance with applicable laws and prevailing standards, including the Sarbanes-Oxley Act of 2002 and the rules and regulations of both the SEC and NASDAQ.

Veeco undergoes an annual Board, committee, and individual director self-evaluation process. Feedback is shared with each director, committee, and at the full Board level. Veeco's independent directors, guided by the independent Chairman of the Board, meet regularly without management present and conduct an annual performance assessment of the Chief Executive Officer.

Veeco requires that at least two-thirds of the Board of Directors be independent in accordance with NASDAQ listing standards. Currently, eight out of Veeco's nine directors are independent.

Additional corporate governance principles and practices have been memorialized in several Veeco policies, including Veeco's [Corporate Governance Guidelines](#)

Nominating and Selecting the Board of Directors

The Governance Committee and Board of Directors are responsible for determining the number of directors on the Board. Through periodic reviews and recommendations, the optimal range has been determined to be between 7-9 members. The Company currently maintains a classified Board, with each Board member standing for reelection, as applicable, once every three years.

The Board selects nominees for election and fills any vacancies that may arise between annual stockholder meetings, based on the Governance Committee's recommendations. When filling a vacancy, the Board shall designate the class to which the new director shall be appointed, taking into consideration the by-laws requirement that the Board classes be as nearly equal as possible.

Directors added to the Board to fill vacancies are expected to be recommended for election at the next annual stockholder meeting at which the relevant Board class is up for election (or, if proxy materials for such meeting have already been distributed, at the next succeeding annual meeting at which the relevant board class is up for election).

When nominating and selecting Board members, potential candidates are evaluated based on a number of criteria. These include integrity, honesty, sound business judgement, independence, diversity, and competency in numerous core areas of importance.

Conflicts of Interest

If an actual, apparent, or potential conflict of interest arises for a director, that director will promptly inform the CEO, the Chair, or the Chair of the Governance Committee, who will bring the matter before the Board to resolve on a case-by-case basis. Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests, and may rely upon the advice of the Secretary or General Counsel in deciding whether recusal is necessary or appropriate. Service by a director on the Board of one or more other companies must be consistent with Veeco's conflict of interest policies.

The [Code of Conduct](#) specifies potential violations and disciplinary measures for conflicts of interest related to matters such as employment and financial incentives for both the Board and Veeco employees.

Our Newest Board Member

Veeco is excited to announce the latest addition to our Board of Directors: Sujeet Chand, Ph.D.

Dr. Chand, age 63, has served as Senior Vice President and Chief Technology Officer of Rockwell Automation since 2005. From 2001 to 2005, Dr. Chand served as Rockwell Automation's Vice President, Control Systems. Prior to joining Rockwell Automation, Dr. Chand served as Chief Operating Officer for XAP Corporation and led research and development at Rockwell Scientific Company, a subsidiary of Rockwell International. Dr. Chand holds a Bachelor of Engineering degree from Osmania University in India and, from the University of Florida, a Masters Degree in Electrical Engineering and a Ph.D. in Electrical and Computer Engineering.



Composition of the Board of Directors

Name	Executive	Independent ⁽¹⁾	Age ⁽²⁾	Director Since	Gender	Race / Ethnicity	AC ⁽³⁾	CC	GC
Kathleen A. Bayless	No	Yes	65	2016	Female	White	★		
Sujeet Chand, Ph.D.	No	Yes	64	2021	Male	Asian			✓
Richard A. D'Amore	No	Yes (Chair)	68	1990	Male	White		✓	
Gordon Hunter	No	Yes	70	2010	Male	White		★	✓
Keith Jackson	No	Yes	66	2012	Male	White	✓		★
William J. Miller, Ph.D.	Yes	No	53	2018	Male	White			
Mary Jane Raymond	No	Yes	61	2019	Female	White	✓		
Peter J. Simone	No	Yes	74	2004	Male	White	✓		✓
Thomas St. Dennis	No	Yes	68	2016	Male	White		✓	

(1) Independence determined based on NASDAQ rules.

(2) Age as cited in Veeco's 2022 Proxy Statement as of March 24, 2022.

(3) All members of the Audit Committee are financial experts as determined by SEC rules.

★ Committee Chair ✓ Committee Member

AC — Audit Committee

CC — Compensation Committee

GC — Governance Committee

Board Highlights

22% { Female Directors

8/9 { Independent Directors

100% { Committee Member Independence

>9 Years { Average Tenure of Director Nominees and Continuing Nominees (excluding Dr. Chand)

0 { Director Nominees and Continuing Directors Who Serve on More Than Three Public Company Boards

100% { Board Member Attendance in 2021

ESG Governance

Effective ESG governance is critical amidst an environment of increased consumer and investor demand, a myriad of reporting frameworks, and a dynamically shifting business environment. Veeco’s Board of Directors, executive leadership team, and ESG leadership team have worked to develop a robust ESG governance structure and strategy.



ESG Oversight and Management

As a publicly traded company, members of Veeco’s Board of Directors have ultimate oversight over the Company’s ESG efforts and are elected by the Company’s stockholders at the Company’s Annual Meetings.

While our Board has ultimate responsibility for ESG oversight, the Governance Committee has primary responsibility for our ESG priorities. The [Governance Committee Charter](#) specifies that the Governance Committee is responsible for reviewing the strategy, policies, and performance relating to Veeco’s management of ESG and CSR matters. This includes public reporting on these topics.

ESG is currently addressed at Governance Committee meetings on a bi-annual (twice a year) basis, and more frequently as needed or appropriate. In addition to the fact that ESG is a recurring topic at the Governance Committee meetings, the Governance Committee invites, on a periodic basis, outside legal counsel to present on ESG topics and evolving trends. Following each Governance Committee meeting, the Chair of the Governance Committee provides an update to the full Board.

The Compensation Committee is responsible for workforce-related matters, while the Audit Committee maintains oversight of ethical matters and information security compliance. Management provides regular

updates and progress reports to the Board, these committees, and engages with them to discuss ESG strategy and to gain alignment on goals.

ESG Leadership Team

Veeco has established an internal ESG leadership team to help develop and implement our related strategies and initiatives. This cross-functional team consists of members from the following Veeco departments: Environmental, Health & Safety, Quality & Customer Satisfaction, Engineering, Information Technology, Human Resources, Supply Chain, Investor Relations, Finance, Marketing, and Legal.

This team is tasked with proposing objectives, developing and executing strategy, and weaving ESG principles into the fabric of our day-to-day operations. Members of our ESG Leadership Team report directly to the Governance Committee, on a bi-annual basis or more frequently as needed, to update and consult with the Governance Committee on ESG matters. Veeco remains diligent in its efforts to further our progress in sustainability reporting and implementing sustainable practices moving forward.

We have continued the development of our ESG strategy by hiring our first-ever CSR Analyst. Our analyst works closely with the ESG leadership team and stakeholders to develop Veeco’s sustainability strategy, initiatives, and reporting.

Report your Concerns in Confidence

If you see or suspect wrongdoing, speak up. It's free, secure and we're available 24/7.

How to contact us:
veecomobile.ethicspoint.com



We believe that managing and promoting an ethical and legally compliant environment is integral to the success of our business operations, which ultimately benefits our people and our community. To this end, Veeco complies with all applicable laws and regulations pertaining to the protection and safety of our employees and the environment in which we operate.

Ethical Standards & Responsibilities

At Veeco, we strive to maintain the highest standard of ethical business practice and respect. Our [Code of Conduct](#) details the responsibilities of our management and employees to maintain Veeco's status and reputation as an organization committed to integrity, ethics, and compliance.

The covered individuals of the Code include employees, board members, channel partners, and others acting on behalf of Veeco. All employees are provided a copy of the Code upon commencement of employment and are required to confirm and certify their understanding and compliance on an annual basis.

Additionally, Veeco's [Code of Ethics for Senior Officials](#) has been established by the Audit Committee of the Board of Directors and applies to the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer in accordance with Section 406 of the Sarbanes-Oxley Act of 2002.

When it comes to reporting possible Code violations and other concerns, ensuring anonymity and non-retaliation are vital to safeguarding integrity and a compliant workforce. Accordingly, Veeco's [Code of Conduct](#) explicitly forbids retaliation of any kind for good faith reporting of any unethical, unlawful, or otherwise inappropriate conduct.

Reporting Ethics Concerns

Employees are encouraged to seek advice about and report violations to their supervisors or the Legal, Human Resources, and Finance departments. We regularly provide our employees with information and reminders about our confidential third-party hotline service for the reporting of ethical violations or other concerns.

Employees are given access to a toll-free number for the reporting of any concerns, and anonymity, if requested, is ensured. Veeco prohibits retaliating against anyone for reporting or supplying information in good faith about a concern, even if the allegation turns out to be groundless.

All reports, which may be made anonymously, are taken seriously and are rigorously reviewed by members of Veeco's senior management (and the Veeco Board, as appropriate). Promptly after a report is filed, copies are forwarded to Veeco's Chief Financial Officer, Chief Administrative Officer, and General Counsel (and to the Chair of Veeco's Audit Committee in the event of allegations of financial misconduct).

As appropriate, this group will review the matter and oversee the ensuing investigation, which may include a review of records and in-person interviews. In addition, the hotline service allows for follow up communications with the reporting person, again on an anonymous basis if preferred. Depending on the results of the investigation, corrective action is promptly implemented and findings are reported in the hotline system.

Human Rights

Veeco's [Human Rights Policy](#) formalizes our commitment to preserving and promoting the fundamental rights of others as reflected in the Responsible Business Alliance (RBA) [Code of Conduct](#). Our commitment to international human rights standards and local laws are rooted in our Core Values and reinforced through our commitment to the Veeco and RBA Codes of Conduct and other Company policies. Depicted to the right are a few Veeco initiatives to support human rights within our company and across our supply chain. For more information, please click the links for the full text of these policies.



[Human Rights Policy](#)

Our policy focuses on four core areas: Labor Rights, Environmental & Workplace Health and Safety, Ethics, and Management Systems. Veeco is committed to a workplace of non-discrimination, diversity, and anti-harassment. We will always comply with laws and regulations regarding workplace, environmental, and product safety. Veeco complies with all anti-corruption and privacy laws and has developed systems to protect customer data and personal information. We forbid retaliation against whistleblowers while protecting their anonymity.



[Conflict Minerals Policy](#)

Veeco promotes the traceability and transparency of mineral sourcing across its supply chain. We act in accordance with the Dodd-Frank Act and related U.S. Securities and Exchange Commission rules adopted on August 22, 2012, requiring certain companies to disclose the extent to which the products they manufacture or contract to manufacture contain defined “conflict minerals” sourced from mines in the Democratic Republic of the Congo (DRC) and certain adjoining countries.

Veeco expects that its suppliers will not sell products that contain conflict minerals that directly or indirectly finance or benefit armed groups in the defined countries. Veeco has put in place a process to obtain and assess information from its current and prospective suppliers concerning the origin of the materials that are used in the manufacture of Veeco products.



[Supplier Code of Conduct](#)

In October of 2020, Veeco published its first Supplier Code of Conduct (SCoC). The SCoC outlines our expectations of our suppliers and implements policies relating to legal and regulatory compliance, ethics, human rights, health and safety, environmental compliance, privacy and intellectual property protection, and violation reporting mechanisms. While we expect our suppliers to self-monitor their operations, we also conduct our own periodic audits and inspections. Failure to comply with the SCoC may result in the termination of the business relationship.

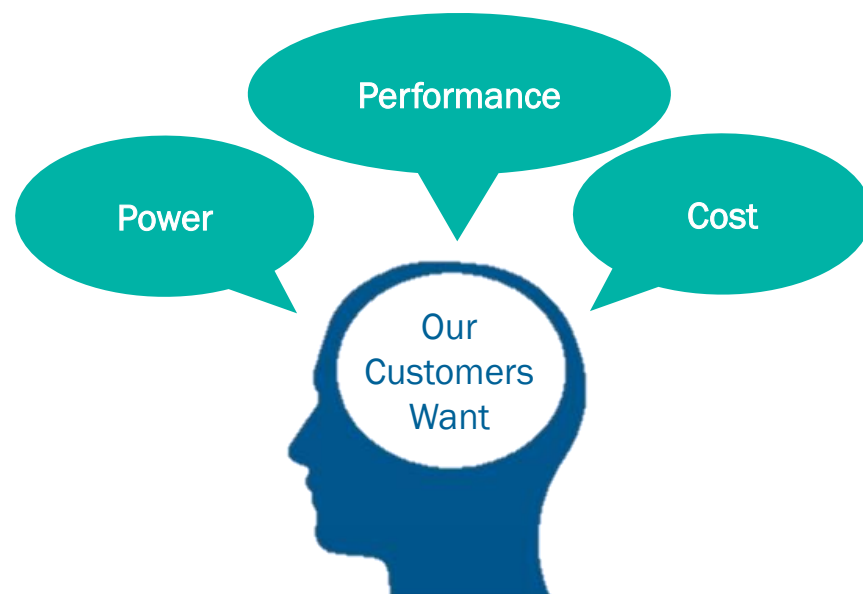
Product Responsibility

- Product Development and Life Cycle Management
- Sustainability & Circularity
- Product Safety and Quality
- Information Security

Our Customers Inform Product Development

We will always put our CUSTOMERS first

Veeco's innovative solutions are a catalyst for the technology of tomorrow. Our customers' businesses serve global digital markets, and we know it is their priority to operate the most efficient systems while achieving their technology goals. It is with this goal in mind that we design our systems to optimize technical advantages to achieve superior cost of ownership.



We are committed to earning and maintaining the trust of our customers by meeting their expectations and requirements. We pursue customer satisfaction using Design for Safety and Design for Reliability principles, a culture of continuous improvement, and close customer engagement and feedback.

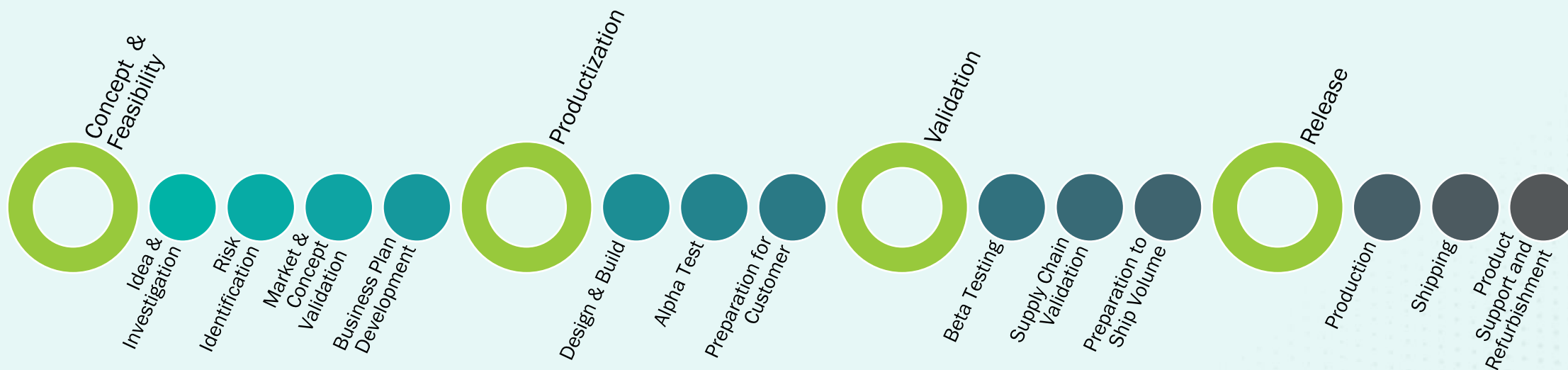
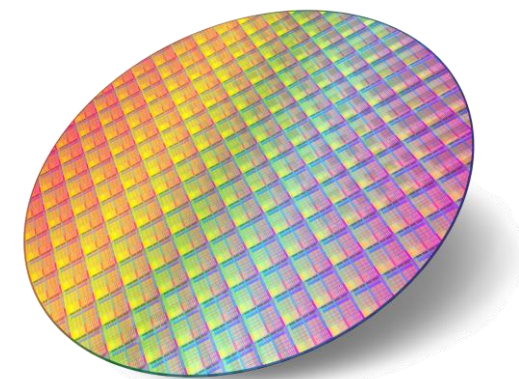
Our customers demand improvements in power, performance, and cost. As a company, we strive to meet our customers' needs, protect our employees, and act as a responsible corporate citizen. The internal and external requirements of Veeco point toward creating technology that makes the world more efficient and connected.

Veeco Principles of Product Development

- ✓ Innovation
- ✓ Understanding our customers and planning for success
- ✓ Optimized resource and investment management
- ✓ Improving Veeco's reputation through world-class technology and a commitment to safety

Product Development and Life Cycle

Veeco's comprehensive Product Life Cycle Policy defines the framework and guiding principles to be followed during the development and release of new products. The four-step process details our commitment to excellence from Concept and Feasibility, through Productization, Validation, and Release. Our Somerset, NJ, Plainview, NY, Horsham, PA, and San Jose, CA locations are ISO 9001:2015 certified, a testament to Veeco's commitment to continually improve our products, services, and processes.



Sustainability & Circularity

Rapid change is occurring in the semiconductor industry as customers, investors, and communities demand greater business responsibility for their product end-of-life management.

At Veeco, we take our environmental responsibility seriously. Our engineers carefully consider the chemical, water, and material inputs, as well as efficiency throughout our product development process. We continually seek to ensure that our products and processes help our customers achieve optimal production levels and superior cost of ownership.

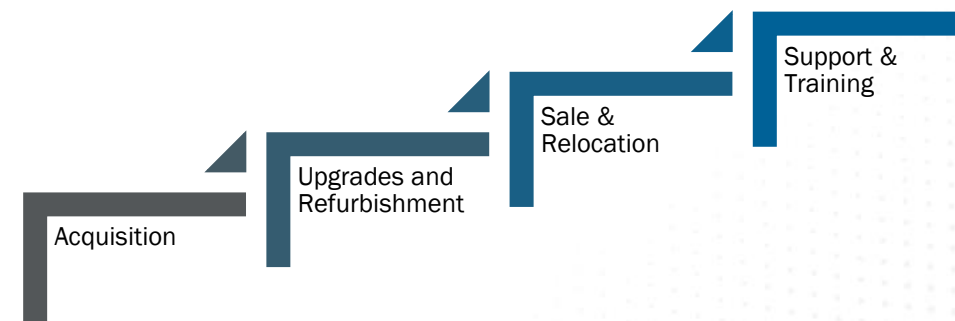
We have begun and are continuing to develop policies and procedures in our product development and manufacturing processes that increasingly factor our environmental impacts and effects.

Refurbish, Repair, Extend

Veeco offers services and support designed to lower cost of ownership, decrease turnaround times, and increase the lifespan of our products. In recent years we have upgraded, repaired, and refurbished tools in the field that have been up to 20 years old. Reutilizing chambers, frames, and electronic cores; replacing pumps and other components; providing control system updates; not only do these services generate revenue and display our commitment to customer service, but they also reduce the need for critical material inputs and reduce e-waste.

Veeco Certified Equipment (VCE)

Through our VCE Program, we purchase, refurbish, and resell pre-owned Veeco systems. As appropriate, Veeco acquires previously owned equipment from manufacturers. Retrieved equipment is tested for quality and performance, obsolete components are replaced, and software and control systems are updated. Once fully certified, VCE is delivered to new owners who instantly gain access to our worldwide, trained service team. Veeco warrants VCE hardware and software in an effort to ensure the highest quality of service and support.



Product Safety & Quality



Our process equipment systems are used in the production of a broad range of microelectronic components. We understand our systems are long-term assets for our customers and consider it our duty to deliver robust equipment that is safe to operate and easy to maintain. The Veeco Product Safety Policy emphasizes the need to properly consider and factor safety at all times, rapidly investigate and solve product safety issues as they arise, and continuously improve product safety performance.

All Veeco products are designed with the safety of the end-user in mind, according to applicable regulatory and industry standards such as SEMI S2/S8, CE, and KC-S/KC-EMC for select products. With a global base of customers, we also comply with standards in regions where our customers are based.

Our Product Safety Policy and its corresponding suite of procedures and forms define our safety principles, standards, risk assessment process, and responsibilities when responding to a safety event.

In line with our policies, all new and existing products are assessed for risks and potential hazards in full consideration of applicable regulations, industry standards, and Best Known Methods (BKM's), following SEMI S10 & EN ISO 12100 methodologies.

All new products are tested and validated by a qualified third party. This helps us to ensure that our products meet all applicable safety standards while targeting the best results for our customers.

Investigating Safety Concerns

We will never compromise on **SAFETY**.

This principle applies to our employees, our customers, and to members of our community. We are dedicated to addressing customer feedback and responding to incidents expeditiously. Veeco has a comprehensive Customer Complaint Escalation Process and Product Safety Event Procedure to manage potential safety events that may arise in connection with the use and operation of our products.

Lessons learned from safety incidents are incorporated into our design-for-safety practices and into risk assessments for all applicable products. In the event that a potential safety issue is identified in a product, impacted customers are notified and made aware of applicable mitigation measures and other solutions.

In the event of a product recall, impacted customers will be notified, and the recall will be disclosed in this report. There have been no recalls since the last publication of this report.

Continuous Improvement of Our Safety Processes and Performance

For each safety issue that arises, we perform a post-mortem investigation to identify systematic improvements needed to prevent similar future occurrences. We regularly review benchmarks and set quality and safety performance goals for our product development team.



Hazardous & Restricted Substances

Veeco is committed to responsible management and customer safety regarding the inclusion of hazardous or restricted substances in our materials, parts, and systems. Our management systems are designed to provide transparency between Veeco, our suppliers, and our customers regarding our use of materials.

We are continually working to maintain existing procedures, and we are in the process of developing and implementing new policies and compliance programs establishing management and labeling procedures aligned with the European Union's (EU's) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Restriction of Hazardous Substances (RoHS) regulations, and United States (US) Environmental Protection Agency (EPA) Toxic Substances Control Act (TSCA). The implementation timeline below depicts the scope and progress we have made in 2021 and 2022. We are currently operating ahead of schedule and are diligently working to inventory the chemical substances of over 25,000 parts with the aid of a third-party data management company and our supply chain partners.

Implementation Timeline



RoHS

Veeco is in the process of evaluating priority legacy products and all new products against the RoHS ten restricted substances list. We are in the process of developing and maintaining a third-party RoHS database in collaboration with our suppliers to ensure traceability and accountability for our customers.

We are working diligently to assess any materials with restricted substances above threshold, replace them where feasible, and report to our customers where such replacements are not possible.

Veeco’s products are considered Large Scale Stationary Industrial Tools (LSSIT) under E.U., UKNI, UKGB RoHS regulations, and are therefore exempt from EU, UKNI, UKGB RoHS requirements; however, we maintain China RoHS 50 compliance for reportable content and labeling for select products where applicable.

REACH

Aligned with our timeline, Veeco has partnered with a third-party compliance partner to monitor the inclusion of Substances of Very High Concern (SVHC) in our highest priority products and parts. We are monitoring and managing the program to assess any material with SVHC and will report to our customers on the presence of any SVHC known to be included in our products. Additionally, we have established oversight mechanisms to monitor any alterations to the SVHC list to stay current on our reports and notifications to customers.

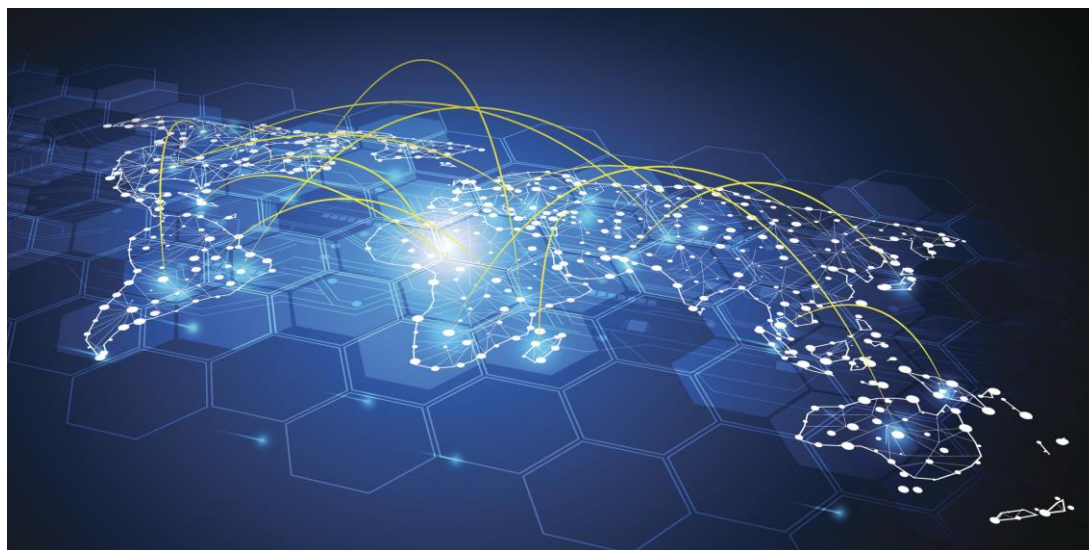
TSCA

Veeco is actively engaging with our vendors and third-party compliance partner to evaluate priority products and parts for the five Persistent Bioaccumulative Toxic (PBT) chemical compounds. We are progressively engaging with our third-party data management partner to collect TSCA compliance evidence, documentation, and percentage declarations. Additionally, we plan to replace parts that fail to meet TSCA regulations. Veeco has also taken steps to update all engineering specifications to ban the inclusion of PBT substances in all future Veeco products.



Information Security

Veeco's Information Security team is tasked with proactively monitoring, identifying, and mitigating risks to Veeco's data and confidential information. These risks include unauthorized access to customer data, theft of company intellectual property, compromise of company systems impacting normal business operations, and compliance with regulatory requirements in a complex global regulatory landscape.



To mitigate these risks Veeco retains dedicated information security resources to monitor and address all identified risks through the application of layered security controls in alignment with the National Institute of Science & Technology (NIST) Cybersecurity Framework (CSF). Veeco periodically retains external services to assess its maturity within the NIST CSF and to further identify technology risks within its environment. Veeco supplements its information security program with a cyber insurance policy.

In addition, we require our employees to undergo annual information security awareness training and we conduct quarterly phishing exercises to help ensure that employees understand their information security-related responsibilities.

Veeco's Chief Information Officer delivers an annual report to the full Board of Directors and quarterly reports to the Audit Committee in the remaining three sessions on our information security program. These reports include the status of risk identification and mitigation efforts, projects to strengthen the company's security posture and improve resiliency, and updates on the evolving threat landscape.

Veeco [previously disclosed](#) an information security breach on November 1st, 2018, which has since been remediated. Expenses directly related to this breach totaled approximately US\$687,000 in 2018 and US\$624,000 in 2019. No such costs were incurred in 2020 or 2021. The company has suffered no known breaches before or after the 2018 breach and has not incurred any penalties or entered any settlement agreements regarding information security breaches.

Supply Chain Responsibility

- Supply Chain Management
- Veeco's Supplier Code of Conduct

Supply Chain Management

Meeting our customers' device requirements for applications such as front-end semiconductor manufacturing, 5G, AI, automotive, and data storage requires close collaboration across the supply chain.

Veeco's success and ability to produce world class technology is dependent on our suppliers. We are committed to developing mutually beneficial business partnerships by supporting the continued viability and continuity of our suppliers. For this sustainability report, the focus will be on direct suppliers. These suppliers fall into three categories: companies that provide high technology commercial products, manufacturers that assemble according to our specifications, and manufacturers that provide custom-designed components.

Given the limited number of companies that produce our highly specialized parts and components, we are committed to the creation of lasting and mutually beneficial relationships. As a demonstration of this commitment, we have worked with 92% of our critical suppliers for over 10 years. Our partnerships help us strengthen supply chain continuity and facilitate the development of current and future technology.



We have worked with 92% of our critical suppliers for over 10 years.

Creating Shared Value

Veeco's international sourcing and business partnerships help to foster societal and economic progress. Our commitments to sustainability through our supply chain screening, [Supplier Code of Conduct](#), and supplier auditing drives our corporate growth and supports the local economies in which we operate. We aim to continue developing our strategy to promote a more sustainable global society.

Target Setting

We continually strive to improve our communication, supplier assessments, and procurement practices to advance the efficiency and sustainability of our supply chain. Our goals in this area include the following:

1. Improving quality performance of our parts and services.
2. Verification of supplier diversity certifications.
3. Increasing transparency and improving communication with our suppliers.
4. Improving supplier performance metrics and scorecards.

Veeco's Supplier Code of Conduct

In October of 2020, Veeco documented its commitment to a responsible and compliant supply chain by publishing our first [Supplier Code of Conduct \(SCoC\)](#).

Veeco's SCoC is designed to maintain the highest standards of ethical, social, and environmental responsibility. As a condition of doing business with Veeco, our suppliers, vendors, consultants, and service providers are required to follow the Supplier CoC, which includes providing safe working conditions, treating workers with dignity and respect, non-discrimination, acting fairly and ethically, and using environmentally responsible practices whenever conducting business with Veeco.

Veeco supports the Responsible Business Alliance Code of Conduct and expects our suppliers to fully adhere to its principles and practices, as well as our [Code of Conduct](#), [Human Rights Policy](#), and [Conflict Minerals Policy](#).

While we expect our suppliers to self-monitor and independently ensure compliance with our comprehensive standards, Veeco reserves the right to audit and inspect suppliers' facilities to validate this compliance.



Human Rights

- Non-discrimination
- Prohibit the use of child labor or forced labor
- Antitrust and Anti-corruption
- Fair compensation
- Respect workers' rights to freedom of association and collective bargaining
- Provide grievance procedures
- Working hours and rest days



Health & Safety

- Mandatory OH&S standards
- Sanitation access
- Business continuity plans



Environmental Compliance

- Mandatory compliance with all applicable environmental laws and regulations
- Identify hazardous pollutants
- Waste reduction



Privacy & Intellectual Property

- Protect the intellectual property of Veeco and all relevant parties
- Comply with all relevant regulations



Reporting Violations

- Encourage suppliers to work with their primary Veeco contact or email legal@veeco.com.



15
Countries of Supply



>900
Unique Suppliers



Conflict Minerals
Policy



Human Rights
Policy

Supply Chain Screening

As part of Veeco’s on-boarding process, suppliers are required to comply with Veeco’s [Supplier Code of Conduct](#) (SCoC), [Code of Conduct](#) (CoC), [Environmental & Social Responsibility Statement](#), [Conflict Minerals Policy](#), Supplier Quality Manuals, [Human Rights Policy](#), and other related Veeco policies. Our SCoC includes information on our policies regarding anti-corruption (FCPA), export controls, and antitrust. We also screen our suppliers for any recent history of criminality, fraud, debarment from exporting privileges, and debarment from participating in government contracts.

All new suppliers added during the reporting period were required to respond to our on-boarding survey for social and SCoC compliance.

Due Diligence

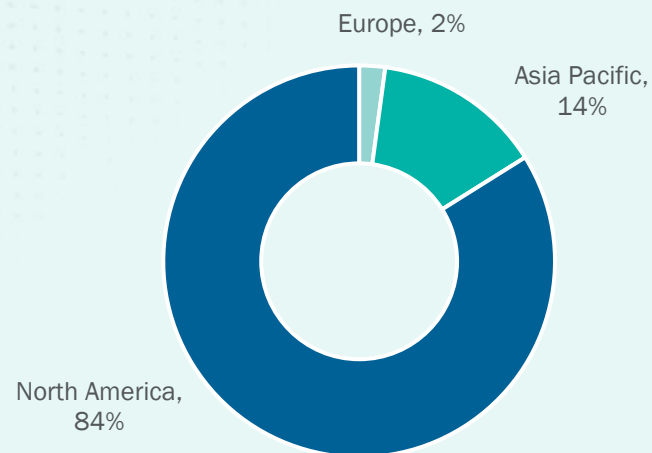
We take our commitment to responsible supply chain management seriously. Preventing human rights abuses, including for example the use of child or forced labor, are of the highest concern. We conduct periodic onsite audits for critical suppliers for an in-depth review of their process and quality controls, management accountability, and compliance with environmental and social regulations.

We believe the highly technical and specialized nature of our direct suppliers reduces the potential for human rights abuses such as the use of child or compulsory labor. We do not typically add critical suppliers based on labor cost alone. Instead, we seek out high-quality and technologically advanced suppliers who have a history of respecting human rights.

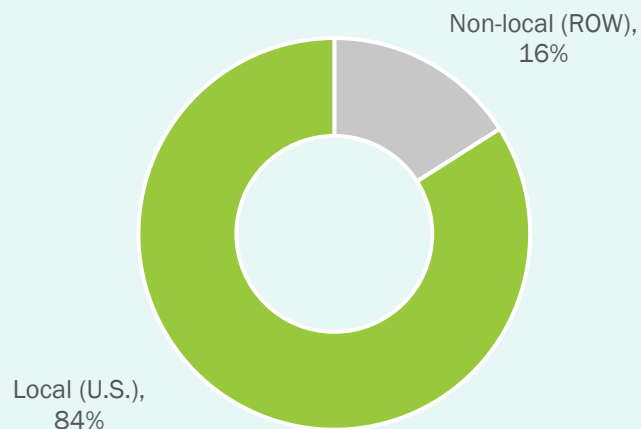
We source technology and products from Asia and have identified this region to be of a higher risk for certain violations of our [Supplier Code of Conduct](#). As such, onsite audits are performed with respect to business partners in the Asia-Pacific region by our supplier management team in Asia. During our audits, we check for compliance with our SCoC requirements and information security standards. Onsite inspections are conducted consistent with the Standardized Supplier Quality Assessment (SSQA) methodology. During the Covid-19 pandemic, we have not added any new suppliers in Asia.

Singapore is a significant location of operation and supply for Veeco and was selected based upon risk minimization principles and long-term success probability. The [International Trade Union Confederation](#) classifies Singapore as being in the second best of six possible labor rights classifications and was ranked first regionally and third globally on the [International Property Rights Index](#).

Procurement Spend by Region 2021



Local Procurement Spend 2021



Global Growth & Local Procurement

In 2021, our spend on local suppliers, defined as suppliers operating within the country of our manufacturing locations (the United States), accounted for ~84% of our procurement budget. Furthermore, approximately 94% of our supplier partnerships are locally based within the United States.

We operate a global business and interact with over 900 highly specialized suppliers in 15 countries. At Veeco, we recognize the importance of procuring our materials and components locally, which can make a real positive impact in those communities. In addition, by sourcing from local suppliers, we can reduce our emissions associated with the transit of materials and build a more stable supply chain.

Supplier Diversity

Diversity amongst our suppliers contributes to Veeco's development of an inclusive business which we believe promotes sustainability and economic opportunities for underrepresented people. Advancing opportunities for women, LGBTQ+ people, veterans, people of color, people with disabilities, and small businesses is an important part of increasing economic growth and global equality. At Veeco, we have begun to track, and are working to improve, our supplier diversity metrics, verification, and reporting.

Supply Chain Disruptions

Like many of our peers, we continue to see the effects of global supply chain disruptions due to global and regional conflicts, COVID-19 mitigation, constrained labor markets and increased global demand as markets reopen. These effects include longer lead times and increased costs. We are taking proactive steps to manage the impact to our business, including buying in advance and re-sourcing components on a more frequent basis. Our supply chain team continues to monitor our global supply chain and work toward minimizing disruption to our customers.



MAKING A **MATERIAL** DIFFERENCE

Environment

- Climate Change & Emissions
- Energy
- Waste
- Water

Environmental Commitment

We will always demonstrate RESPECT

At Veeco, we consider the core value of respect to apply not only to people, but to the environment as well. We recognize that as a global company we are members of an international community. Our [Environmental & Social Responsibility Statement](#) calls upon us to minimize adverse effects on the community, environment, and natural resources while safeguarding the health and safety of the public.

We are committed to responsible management of environmental impacts. This includes monitoring, reporting, auditing, and strategizing about how to minimize resource consumption and optimize business processes to maximize efficiency.

We comply with relevant environmental regulations. We work closely with the EPA, state, and local regulatory agencies to ensure compliance. In line with our commitment to the environment, Veeco is proud to disclose that we have not received fines or non-monetary sanctions for non-compliance with environmental laws or regulations during the reporting period.

Our talented EH&S staff, as well as our ESG leadership team is committed to tracking and reporting our material environmental metrics. We are excited to share our findings in this sustainability report.

Our Environmental Principles

- ✓ Pollution prevention and resource reduction
- ✓ Water management, monitoring, and conservation
- ✓ Energy consumption and greenhouse gas emissions must be monitored, and cost-effective methods to improve efficiency or minimize consumption should be explored
- ✓ Safe handling and minimization of hazardous substance use/generation
- ✓ Responsible management and disposal of solid non-hazardous waste
- ✓ Monitoring, control, and treatment of potentially harmful discharged air emissions
- ✓ Compliance with environmental regulations, including permitting and reporting requirements
- ✓ Adhering to restrictions and regulatory requirements regarding prohibited or restricted materials

Product Applications Contributing to Global Sustainability



5G & Internet of Things

The 5G revolution is accelerating the deployment of smart technology and enabling the internet of things. Water usage, air quality, and energy monitoring are all becoming possible with greater connectivity, enabled by millions of sensors and internet-enabled devices. Veeco's core technologies are used in the manufacture of RF devices, high-density hard disk drives, MEMS, and optoelectronics which are all part of solving the challenge of scaling emerging 5G technologies and ubiquitous communication.



Power Electronics

Our systems driven by GaN-on-Si technology have application potential across consumer electronics, EVs, and renewable energy. GaN has several favorable attributes compared to silicon: it requires less power to drive the circuit, enables smaller devices, and has less capacitance resulting in fewer losses when charging devices. All of these applications of GaN-on-Si have efficiency and GHG mitigation potential.



Photonics, LED & MicroLED

Compared to incandescent bulbs, LEDs use roughly 90% less energy to produce the same amount of light. A global LED shift is estimated to have an emission mitigation potential of over [16 gigatons of CO₂ by 2050](#). Veeco's systems were used to produce LEDs that, when compared to incandescent lights, represented a reduction of 500 million tons of carbon dioxide from the atmosphere by 2017. As the LED market has been commoditized, we have shifted to more advanced photonics and MicroLEDs enabling new more efficient display technologies.

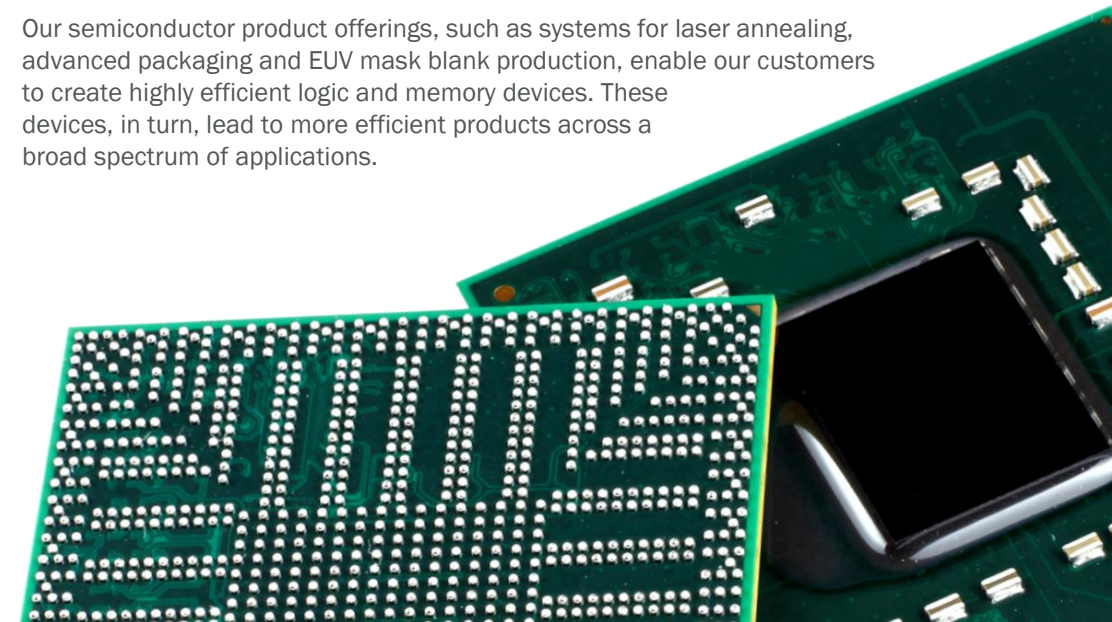


The Cloud & Data Centers

Data centers are the foundation of our digital transformation. Despite accounting for nearly 1% of global electricity use and experiencing a sixfold computing output between 2010 and 2018, energy consumption [increased by only 6%](#). The efficiency and longevity of our global data centers help to address concerns pertaining to resource extraction, climate change, and e-waste generation. Veeco's ion beam technologies enable increased areal density of hard-disk drives, enabling greater storage of data while utilizing fewer natural resources. Additionally, Veeco's GaN technology enables more efficient power supplies and other power conversion in data center applications.

Semiconductor

Our semiconductor product offerings, such as systems for laser annealing, advanced packaging and EUV mask blank production, enable our customers to create highly efficient logic and memory devices. These devices, in turn, lead to more efficient products across a broad spectrum of applications.



Sustainable Initiatives

According to [S&P Global](#), the Technology Hardware and Semiconductor Industry is among the sectors with the highest ESG risk. At Veeco, we believe that technology leaders need to address e-waste, resource consumption, and life-cycle management concerns to keep pace in a rapidly changing industry landscape. Our engineers and management team have implemented numerous best practices and innovative solutions to minimize Veeco's environmental footprint and drive a more circular technology economy.

Veeco Certified Equipment & Global Services

Our global services team and VCE program are great examples of Veeco's commitment to our customers' satisfaction. Together, these offerings allow us to extend the lifetime and value of our industry-leading technology. Services to repair, upgrade, and reuse our capital equipment represent a sizable share of our revenue, while also reducing the amount of materials and waste generated by our tools. VCE and our Global Services are important elements in driving a more circular technology economy.

Personal Protective Equipment (PPE) Recycling Program

Through a partnership with a third-party waste management service, Veeco has recycled 412 pounds of PPE between July of 2020 and June of 2021. The program has been implemented in our Horsham and San Jose facilities, and we are undertaking efforts to expand the program to our Somerset facility as well.

Reusable Crates

Veeco's engineers have been collaborating with our customers to develop and implement shipping solutions that minimize costs and waste. In mid-May of 2021, certain shipments of equipment to our San Jose location began utilizing reusable crates. Our engineers estimated that the shift could save thousands of dollars annually and the equivalent of four pine trees per quarter. We are actively seeking opportunities to implement modular shipping solutions and reusable options for other equipment, fixtures, and customers.

Consolidation of Shipments

Whenever possible, our shipping and logistics team tries to consolidate the number of shipments coming in and out of our manufacturing and warehouse sites. By reducing shipment volume, we concurrently reduce costs, emissions, and packaging waste.



San Jose Facility

We are proud that our current San Jose facility is ISO 14001 certified for its environmental management system. Our new state-of-the-art facility in the heart of Silicon Valley was thoughtfully designed to incorporate numerous energy efficiency and sustainability features. We expect that these resource optimizations will reduce both costs and consumption of water and energy. We expect to fully transition to the new facility by the third quarter of 2022.



Energy Efficiency

- Energy efficient LED lighting and controls
- High efficiency condensing boilers
- Variable speed motor controllers
- Increased temperature differential across chillers, cooling towers, boilers, coils and heat exchangers
- Chiller plant energy optimization control algorithms which calculate and deliver optimized energy use over the full range of system performance
- Low power consumption HEPA filters
- Makeup air units equipped with desiccant dehumidification wheels
- Chiller differential pressure monitoring
- Heated compressed air dryers

Water Conservation

- Cooling tower water softeners will drastically reduce the water bleed rate
- Process chilled water loop economizers

Climate Change

As a global business with customers and suppliers worldwide, Veeco recognizes its responsibility to corporate citizenship and the fight against climate change. By improving our greenhouse gas (GHG) accounting, operational efficiency, and developing a climate change strategy we hope to drive down our emissions. We also continue to develop technology which will enable our customers to create more efficient devices contributing toward a decarbonized future.

In accordance with our [Environmental & Social Responsibility Statement](#), as well as our [Code of Conduct](#), we are committed to sustainable business practices and protection of the environment. We believe it is our responsibility to optimize our business processes, products, and leverage our partnerships with stakeholders to mitigate and adapt to both climate risks and opportunities.

As Veeco continues to grow and we increase our production, we hope to reduce our reliance on fossil fuels allowing us to continue producing more of Veeco's world-changing technology, while also reducing our carbon footprint. We believe our technology will be pivotal in enabling high-performance computing, mobility and the immersive user experience, and more efficient cloud computing.

We're excited to share the initial phase of development of Veeco's climate strategy including risks, opportunities, and targets. We expect to further develop this strategy in the coming quarters and on an ongoing basis.

Veeco's Climate Strategy

- Identifying Risks and Opportunities
 - As set forth in this report, we have developed a list of the most pressing risks and opportunities presented by climate change to our business. These will help inform our future conduct as it relates both to financial and corporate responsibility concerns.
- Quantitative Metrics
 - We have increased our efforts to track and report on several key climate metrics. These include Scope 1, 2, and 3 emissions, energy consumption, and the share of our energy derived from renewable sources.
- Performance and Targets
 - Our accounting of key metrics has allowed us to establish our baseline and targets for climate performance related to renewable energy and GHG accounting. In April 2022, we issued our first GHG emissions reduction goal.
- Emissions Mitigation
 - Veeco's policies require minimization of emissions and air pollution wherever feasible, while accounting for technical and cost considerations. We are continuing to work on ways to reduce the climate impacts of our operations, strategize on solutions to reduce emissions, and develop our climate strategy.

Identifying Climate Risks, Opportunities, and Targets

Risks

Natural Disasters and Extreme Weather Events

Classification: Physical & Economic

Human influence on the climate has intensified the frequency and severity of extreme weather events globally. Heatwaves, heavy precipitation, sea level rise, droughts, wildfires, tropical cyclones, and other natural disasters pose a risk to our operations and supply chain.

Regulation

Classification: Regulatory & Economic

Veeco has offices and manufacturing facilities in 10 countries and suppliers in 15. Climate legislation, regulation, and international accords have the potential to expose our business and supply chain to a variety of legal, regulatory, and financial risks.

Market Demand

Classification: Economic

Increased demand for energy and carbon-efficient technology presents a financial risk to Veeco if we fail to innovate and keep pace with market trends.

Business Reputation

Classification: Economic & Social

The growth of ESG accounting and non-financial disclosure has led to a more transparent business environment. Investors and customers are demanding robust ESG strategies and future-looking perspectives from businesses.

Opportunities

Technology Demand

Classification: Economic & Environmental

Veeco's innovation helps to drive tomorrow's technologies. The response to climate change will demand technological solutions centered around power efficiency and communication. Our ion beam, laser annealing, lithography, MOCVD, and other technologies will be pivotal in driving more efficient computing, GaN-RF devices (5G), and MicroLEDs. Veeco will strive to meet the market demand for smaller, more efficient, lower cost, and higher performance systems. We believe our technology will be pivotal in enabling high-performance computing, mobility and the immersive user experience, and more efficient cloud computing.

Efficiency and Circularity

Classification: Economic & Environmental

Reducing the amount of material inputs, increasing resource recovery, and decreasing our energy consumption offers complimentary benefits: cost savings and environmental conservation. We believe that optimizing the sustainability of our supply chain, extending product lifespans, and increasing the efficiency of our products will provide enhanced market opportunities.

Cooperation

Classification: Economic & Social

Global problems require collaboration across industries, governments, and NGOs. Climate concerns, along with an ESG paradigm shift, are necessitating more meaningful and robust stakeholder engagement. This can strengthen our relationships with stakeholders, offer more opportunities for their input, and allow us to serve them better.

Targets

Renewable Energy

Goal: 50% by 2030 in the U.S.

Baseline: ~25% of U.S. Energy

Based upon a third-party analysis of our U.S. energy consumption, renewable portfolio standards (RPS) of the states in which we operate, and climate strategy, we believe that a goal of 50% renewable energy by 2030 is both ambitious and achievable.

Emissions

Goal: By 2025, reduce normalized emissions from heating and purchased electricity (scope 1 and 2) by 10% in the U.S.

Baseline: 17.9 Metric Tons CO₂e per \$M Revenue

We have worked to accurately account for Veeco's Scope 1 & 2, as well as select Scope 3, emissions in this report. This allowed us to issue our first climate target in April 2022. We are excited to meet the challenge and will continue working to reduce our emissions.

Carbon & Energy Accounting

Goal: 100% of Veeco's Global Locations

Baseline: 93% of Veeco's Owned and Leased Space

We are working to account for the global emissions and energy footprint of Veeco. Our international locations comprise approximately 7% of Veeco's office space, but we will make every effort to fully account for them.

Greenhouse Gas Emissions

Veeco Absolute Scope 1 & 2 Emissions



Scope 1: Natural Gas Boilers

The GHG Protocol defines Scope 1 emissions as direct greenhouse (GHG) emissions that occur from sources which are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Our calculation of Scope 1 emissions encompasses the emissions from natural gas boilers at our U.S. based facilities measured in tons of CO₂e.

From 2019 to 2021 we observed a 9.5% decrease in our Scope 1 GHG emissions despite increasing economic output. We cannot guarantee that this trend will continue, as Covid-19 likely impacted our energy consumption, but we will continue to work on efficiency upgrades where feasible.

Scope 2: Purchased Electricity

The GHG Protocol defines Scope 2 emissions as indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Our calculation of market-based Scope 2 emissions encompasses the emissions from purchased electricity at our U.S. based facilities measured in tons of CO₂e. These locations of operation were selected based upon the availability of data and their material electrical use based upon being sites of manufacturing and product distribution.

From 2019 to 2021 we observed a ~20% decrease in our Scope 2 GHG emissions despite increasing economic output. This was driven primarily by switching to a green power procurement program at our San Jose facilities, as well as continuous improvements to efficiency across our facilities.

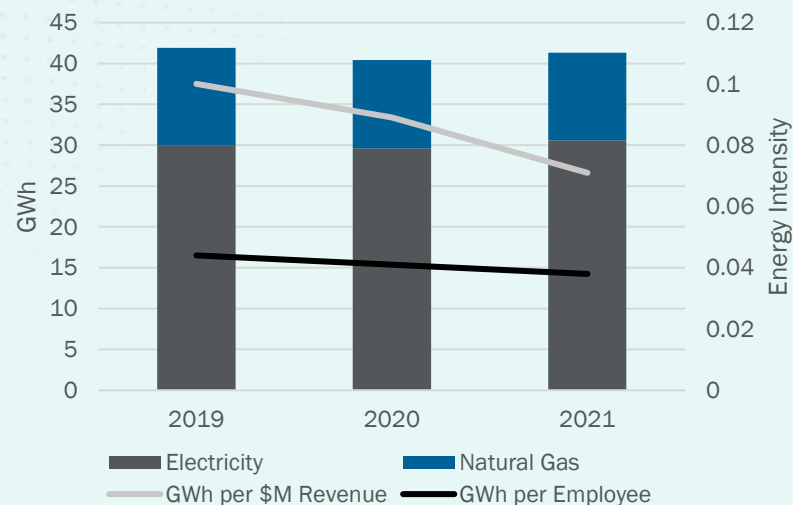
Scope 3: Business Air Travel

The GHG Protocol defines Scope 3 emissions as GHG emissions which are the result of activities from assets not owned or controlled by the reporting organization, but which the organization indirectly impacts in its value chain. Our calculation of Scope 3 emissions encompasses the emissions from business travel by air measured in tons of CO₂e.

From 2019 to 2021 we observed a 78% decrease in our business air travel Scope 3 GHG emissions. The effects of the Covid-19 pandemic were an obvious contributor to this substantial reduction of business travel emissions; however, the business landscape has changed as the world has grown more accustomed to working virtually. We expect that our Scope 3 emissions will likely rise again in the near-term, as restrictions on travel are lifted, but longer-term remain below peak levels.

2021 marked the beginning of our tracking efforts and first public disclosure of GHG emissions. We hope to expand on Scope 3 emissions beyond business air travel in our future reports.

Veeco U.S. Energy Consumption



Energy Management

We believe that tracking our energy data is critical to controlling both our costs and GHG emissions. We are committed to responsibly sourcing our energy and procuring energy from renewable sources wherever feasible. In line with this commitment, we have set a target of utilizing 50% renewable power in our U.S. facilities by 2030.

Data on our energy usage, both electrical and natural gas, was provided to us by our local energy providers in the form of utility bills. Our EH&S team monitors our energy use on a monthly basis at each of our global facilities and reviews data quarterly.

In 2021, our manufacturing facilities in the U.S. relied on natural gas for heating (10.7 GWh) and on the electric grid for our corporate, production, and R&D activities (30.6 GWh).

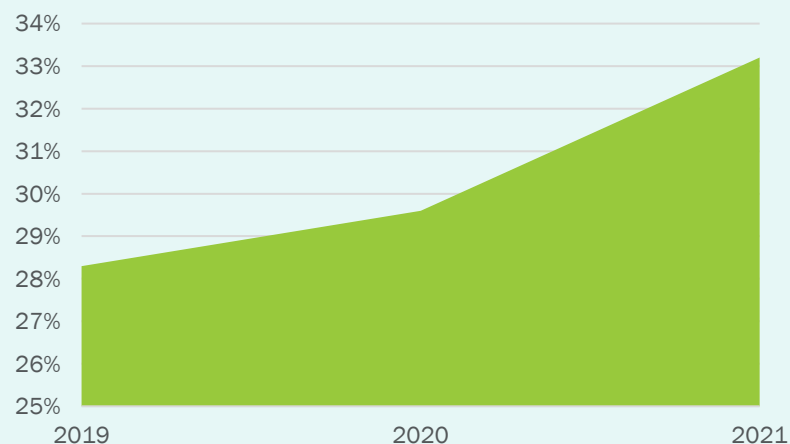
Approximately 33% of our total U.S. electric energy consumption in 2021 was powered by renewable sources. In a partnership with the New York Power Authority, we sourced 50% of our Plainview, NY facility's electricity from renewable hydropower generated from Niagara Falls. We are under contract to continue procuring hydropower through the ReCharge NY initiative through 2026.

At our most energy-intensive facilities, San Jose and Somerset, we have building automation systems which track and optimize electricity consumption. These systems optimize our HVAC, pumps, motors, and other equipment so that they can run efficiently.

We created location-based energy efficiency initiatives to reduce our environmental footprint and utility costs and have begun testing ways to reduce energy use and greenhouse gas emissions at our Somerset facility. Successful measures can be replicated at other Veeco facilities.

We are currently investigating the feasibility of increasing our renewable energy generation and sourcing, as well as opportunities to transition to less carbon-intensive generation options, in 2022 and beyond.

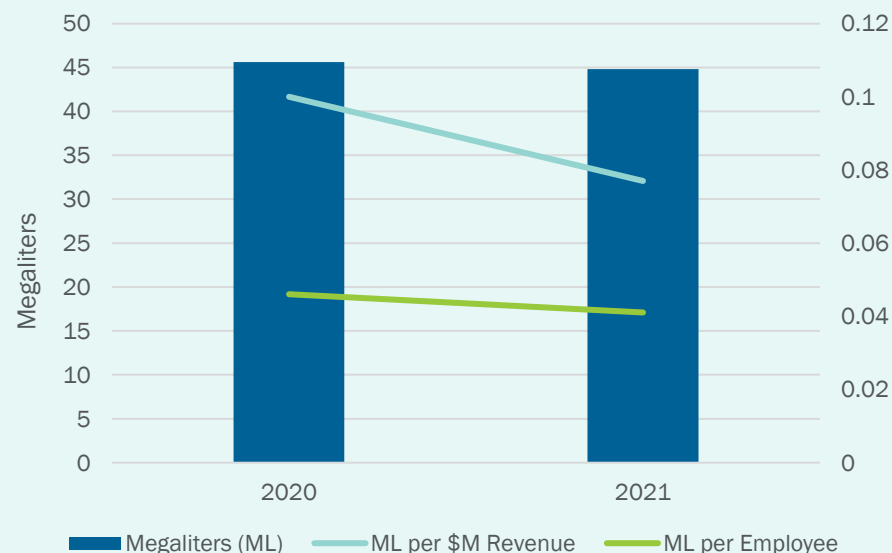
Veeco U.S. Renewable Energy Consumption



Water Management

As a vital resource in our communities, and in our operations, we place great importance on responsibly managing water as a shared resource.

Veeco U.S. Water Withdrawals



Our [Environmental & Social Responsibility Statement](#) requires Veeco to monitor our water sources, use, and discharge. We seek opportunities to conserve water where possible and appropriate.

Our facilities team monitors our water withdrawal quarterly, develops opportunities to reduce consumption, and works to meet or exceed all applicable laws and regulations governing the consumption and discharge of water.

All water used in our direct operations is obtained from local water authorities and all discharged water goes to local publicly owned treatment works. Our water use is primarily for cooling systems and sanitation.

Within our R&D operations, we use recirculating, closed-loop cooling systems

to cool our equipment. Closed-loop cooling is more efficient and does not require the replacement of water lost due to evaporation.

Compared to other companies in the semiconductor sector, Veeco uses a small amount of water. A typical semiconductor manufacturing facility uses [7 to 15 megaliters of ultra-pure water per day](#). Veeco, on the other hand, is a semiconductor capital equipment manufacturer, and we require less than 0.2 megaliters of water per day. This is because the only water we require for non-sanitation purposes is for testing our systems and for use in product development, which is comparatively minor.

Water Stress

Water stress was identified by utilizing the [World Resource Institute Aqueduct Water Risk Atlas \(AWRA\)](#). The tool's water stress function measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Higher values indicate greater competition among withdrawers.

In the U.S. 95% of our withdrawn water is sourced from regions not experiencing a high degree of water stress.

Our regular water monitoring allows us to use data to drive consumption reductions and increase efficiency. In 2021, concerted efforts to track our usage led to the discovery of anomalies in sprinkler time and a leak in our irrigation systems at our Plainview facility (our only U.S. location in a high-water stress region). Effective EH&S oversight like this allowed us to make repairs and irrigation alterations which sharply reduced our monthly water usage at this site.

Environmentally conscious management is imperative to reducing our water footprint, driving cost savings, and acting as more responsible stewards of the environment.

2021 Veeco U.S. Water Withdrawal and Stress

Location	Regional Water Stress according to the AWRA	Water Withdrawal (thousands of gallons)	Water Withdrawal (megaliters)	% of Veeco U.S. Consumption
Horsham, PA	Medium-High (20-40%)	683	2.6	5.8%
Plainview, NY	High (40-80%)	579	2.2	4.9%
San Jose, CA*	Low (<10%)	9,086	34.4	76.7%
Somerset, NJ	Medium-High (20-40%)	878	3.3	7.4%
St. Paul, MN	Low (<10%)	516	2.0	4.4%
Waltham, MA	Medium-High (20-40%)	97	0.4	0.8%
Total		11,839	44.8	100%

* As noted in this report, we are in the process of transitioning into a new facility in San Jose. This transition has resulted in short-term operational redundancy and elevated withdrawals. We expect that this transition will result in significant water withdrawal reductions from the San Jose region, and that this will be reflected in our 2024 report.

Waste Management

Consistent with our [Environmental, Health & Safety Policy](#), Veeco endeavors to conserve natural resources by minimizing the use of hazardous materials and the generation of hazardous waste in our processes and products. We also implement appropriate recycling and resource recovery programs where possible.



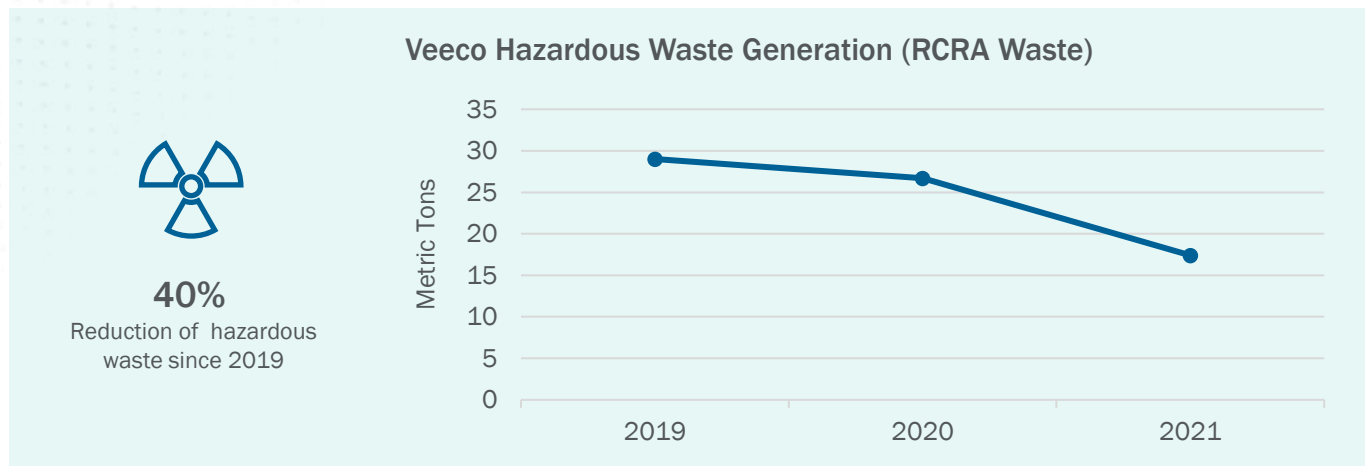
Proper management of our waste is important for the protection of our employees, local communities, and the environment. Our EH&S team oversees waste management at our sites, while location managers spearhead individual initiatives to reduce and recycle waste.

In order to identify areas of improvement and ensure compliance with applicable laws and regulations, the amount of waste generated and disposal methods at each site are monitored and evaluated.

Veeco's waste data is restricted to U.S. locations, which comprise 93% of our total occupied square footage. Our waste data is reported to us by our third-party waste disposal service providers. For that reason, it is not comprehensive of all Veeco waste streams, as only select waste service providers accurately report tonnage to us. Notably, most single-stream recycling and general office/lab waste is omitted from our data, as reliable waste reports have only been provided to us by select hazardous, e-waste, and recycling service providers. We believe that our U.S. RCRA hazardous waste data is comprehensively reported. We are working to expand the scope of waste and geography captured in our data in the future.

Veeco's EH&S Policy: Waste

- ✓ Strive for the conservation of natural resources by minimizing the use of hazardous materials and the generation of hazardous waste in our processes and products.
- ✓ Be a responsible corporate citizen, complying with applicable environmental and safety laws, regulations and industry standards at minimum and establishing our own procedures, objectives and targets when appropriate.



Hazardous Waste Management

Veeco engages with certified and licensed contractors to ensure continual compliance with all transport and disposal regulations covering hazardous waste generated from our sites. Our staff responsible for managing hazardous waste has been properly trained in accordance with applicable laws and regulations. Audits, inspections, and regular reviews of our operations are key elements in our comprehensive hazardous waste management system.

Our EH&S team sets internal targets for hazardous waste reductions. Our San Jose facility, a small quantity generator (SQG), set a 2% hazardous-waste reduction target by the end of 2021 using 2019 as a baseline. The program called for greater recycling and reuse of hazardous waste wherever possible. By the end of 2020, our San Jose facility exceeded this target and reduced hazardous waste by approximately 25%.

An additional waste reduction initiative occurred at our manufacturing facility in Horsham, PA, a large quantity generator (LQG) of hazardous waste. By running a Toxic Characteristic Leaching Procedure (TCLP) and recharacterizing the parameters of the disposed materials, our Horsham facility was able to reduce the amount of hazardous waste from 2018 to 2019 by 10% and subsequently reduce the cost of disposal by 25%. We are currently reviewing an acid waste neutralization system that, if implemented, will significantly reduce our hazardous waste profile.

Non-hazardous Waste Management

Non-hazardous waste, such as oil, light bulbs, and other substances, is proactively managed by our Facility’s team. We use licensed third-party service providers to manage the disposal of these non-hazardous, though potentially harmful, office and lab items.

E-Waste Management

E-Waste from our operations is collected and disposed of by certified third-party service providers. E-waste can leach toxic metals into landfills, which is why we have set targets for increasing the amount of e-waste we recycle.

Recycling

Waste produced at Veeco sites is recycled by our certified third-party waste service providers. Materials such as paper, cardboard, scrap metal, glass, plastic, aluminum, and printer cartridges are recycled by our U.S. locations.

Our employees at our Horsham facility are making additional strides to reduce the amount of waste being sent to landfills. Every week, plastic bags are collected from the site and sent to a vendor that uses the recycled plastic to make decks and outdoor furniture. Additionally, fluorinated ethylene propylene (FEP) tubes used for chemical distribution are collected for recycling.



MAKING A **MATERIAL** DIFFERENCE