



Lam Research Corporate Social Responsibility Report 2019



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Letter from Our CEO

Our world has changed dramatically due to COVID-19. Every community has been impacted by the spread of the virus, and the magnitude of these impacts has challenged every aspect of our lives – health care, school systems, and economies of every size. The tragic loss of life and livelihoods has called for a compassionate and collective response. I have been inspired by the courage and dedication of essential workers on the frontlines, along with so many people making every effort to help in their own, unique way.

Lam responded swiftly to support our employees and their families and adapt to new ways of working while delivering on our customer commitments. Our \$25 million COVID-19 relief and recovery fund provides short-term assistance and longer-term recovery for our employees and our communities, including \$500,000 to provide aid to Black communities in the U.S. that have been disproportionately impacted by the virus. I am especially proud of the way Lam employees have come together to support those in need in locations where we live and work.

During this global pandemic, we have witnessed greater social injustice in our society and the need to do better. We must work

toward a world that both acknowledges and values the dignity and humanity inherent in each, and every one of us. Lam is taking action and has pledged \$500,000 of additional grant funding for initiatives to fight social injustice in our communities.

It is within this context that I present Lam's 6th annual corporate social responsibility (CSR) report, which underscores our commitment to make a positive impact worldwide. In 2019, Lam achieved our target to meet the 5-year energy and climate goals we set in 2015. Additionally, we made progress on a new set of material topics, mapped for the first time to the United Nations Sustainable Development Goals. We strategically enhanced our CSR program, led by leadership and key subject matter experts, with more robust governance practices and commitments across the following six program areas:

- **Business and Governance:** We invest in advancing the industry and further integrating CSR principles into our daily operations.
- **Products and Customers:** We develop innovative products and solutions that meet or exceed safety requirements and incorporate energy efficiency features that benefit our customers and the environment.
- **Our Workplace:** We recognize that employees are at the heart of our company's success. Employee engagement, inclusion and diversity, professional development, recognition, safety, and wellness are areas we focus on to make Lam a great place to work.
- **Sustainable Operations:** We seek to responsibly manage our environmental impact through investments in energy efficiency, reductions in greenhouse gas emissions, water conservation, and waste reduction.
- **Responsible Supply Chain:** We hold our suppliers to the same Core Values to which we hold ourselves and work closely with our suppliers to address a wide range of issues, including human rights, supplier diversity, environmental impact, and mineral sourcing.
- **Our Communities:** We support our communities through our global philanthropy and volunteerism programs that seek to engage our employees and improve education and quality of life in our communities.

Our commitments as a socially responsible corporate citizen are being recognized. At the local level, we have received awards for being good stewards of our environment and for bringing positive change to our communities. At the global level we have earned our position on lists of the world's most sustainable and most admired companies.

We share a vision with our employees, customers, suppliers, and partners for a more sustainable future in a world where all communities may thrive. It's what drives our actions and our commitment to act accordingly.

A handwritten signature in black ink, appearing to read "Tim M. Archer".

Tim Archer
President and Chief Executive Officer



Lam Responds to COVID-19

Throughout this unprecedented pandemic, our focus and priority has remained on the health, safety, and well-being of our employees while continuing to meet our customer commitments. We have provided a \$25 million COVID-19 relief and recovery fund to support our employees and communities, as well as our local hospitals and medical care providers.

Employee support – We have implemented procedures consistent with medical guidelines and best practices to safeguard the health and safety of our onsite workers while supporting our employees that can work remotely. Regular and consistent communication with employees, CEO Q&A sessions, and training have been critical to ensure ongoing engagement, a sense of community, and security. A portion of the relief and recovery fund was given to employees to support their personal needs or donate to a friend or family member, local business, or non-profit organization. We are also offering pay continuity, childcare benefits and other employee assistance programs to those experiencing disruptions due to the pandemic.

Community care – Supporting our communities worldwide is a core part of who Lam is as a company. As part of the COVID-19 relief and recovery efforts, we have dedicated funds to our communities for short-term assistance and longer-term recovery. Grant funding was directed to address immediate needs such as food security, shelter resources, and other programs for those facing pandemic-related hardship. We also recognize that the economic impact of the pandemic will still be felt long after the health crisis has ended and therefore, we expect our campaign aid to transition into longer-term relief efforts. The long-term recovery funds include a commitment of \$500,000 to aid Black communities that have been more significantly impacted than others during the pandemic.

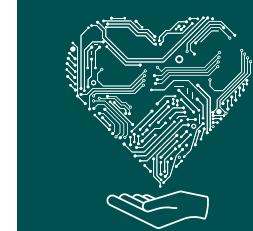
Also, as part of our community relief campaign, we have donated funds for supplies of masks and other personal protective equipment (PPE) to hospitals, healthcare and essential personnel. Our COVID-19 relief initiative also includes an employee 2-for-1 matching gift campaign for eligible relief programs all over the world.

Customer support – Our Global Customer Operations team works closely with customers to understand their needs and provide best-in-class service and support while staying in

"Our employees consistently role model our Core Values and exemplify the very best of Lam's culture. And our employees have responded to this crisis with genuine care for each other, our communities, and our customers. It is important that as a company and as individuals we act with compassion in this time of global need."

– Tim Archer, Chief Executive Officer

compliance with government restrictions. During the pandemic, most fabs continued to operate, and we have partnered with customers worldwide to share and execute best practices for health and safety protocols. Where on-site interactions have been limited due to travel restrictions, we have delivered high quality remote services, support, and training to our customers worldwide.



Distribution of the COVID-19 Relief and Recovery Fund

\$25M COVID-19 Relief and Recovery Fund

Community recovery and employee Double Match Campaign

Additional employee support through pay continuity and other programs

Employee support payment for 90% of employees

Short-term community assistance

Global non-profit grants

Support PPE Donations



Business and Governance

Our Business: Empowering Progress

Lam Research is a world-leading wafer fabrication equipment manufacturer and services provider to the semiconductor industry. Our innovative, cutting-edge products and services enable our customers, the world's leading semiconductor companies, to build smaller, faster, and better-performing electronic devices. Nearly every advanced chip is built with Lam technology. As our customers push the limits of what's possible, we are innovating beyond the devices of today to support the silicon roadmap of tomorrow. Our global presence, accomplished management team, experienced Board of Directors, highly talented employees, significant investment in research and development (R&D), and commitment to our Core Values position us for continued success in the future.

This future must be sustainable. We believe that making corporate responsibility a part of how we do business will lead to better results, advance the industry, and empower progress. Our management approach continues to emphasize financial performance while further integrating corporate social responsibility (CSR) principles into day-to-day operations. This includes regularly assessing material environmental, social, and governance (ESG) topics, setting rigorous CSR goals, and increasing leadership oversight of our ESG efforts.

2019 Key Accomplishments

- Selected five of the United Nations' (UN) Sustainable Development Goals (SDGs) as a focus for our CSR program based on our materiality assessment
- Strengthened our Ethics and Compliance charter and increased resources for the Ethics and Compliance program
- Generated revenue of over \$9.6 billion, representing a five-year compound annual growth rate (CAGR) of 15.9% and achieved the highest net income per diluted share in the company's history at \$13.70 in fiscal year 2019

2019 Awards and Recognition

Newsweek America's Most Responsible Companies 2020

Barron's 100 Most Sustainable Companies

American Heart Association Silver Recognition

Forbes Best Mid-Size Employers

Fortune World's Most Admired Companies

Fortune 500 List

Oregon Employer's Support of the Guard and Reserve Award

Oregon Clean Water Service's Environmental Excellence Award

San Francisco Times Top 100 Philanthropists

Singapore Children's Society Gold Award

Singapore Health Promotion Board Award

Washington County Green Business Award

YWCA Tribute to Women Award

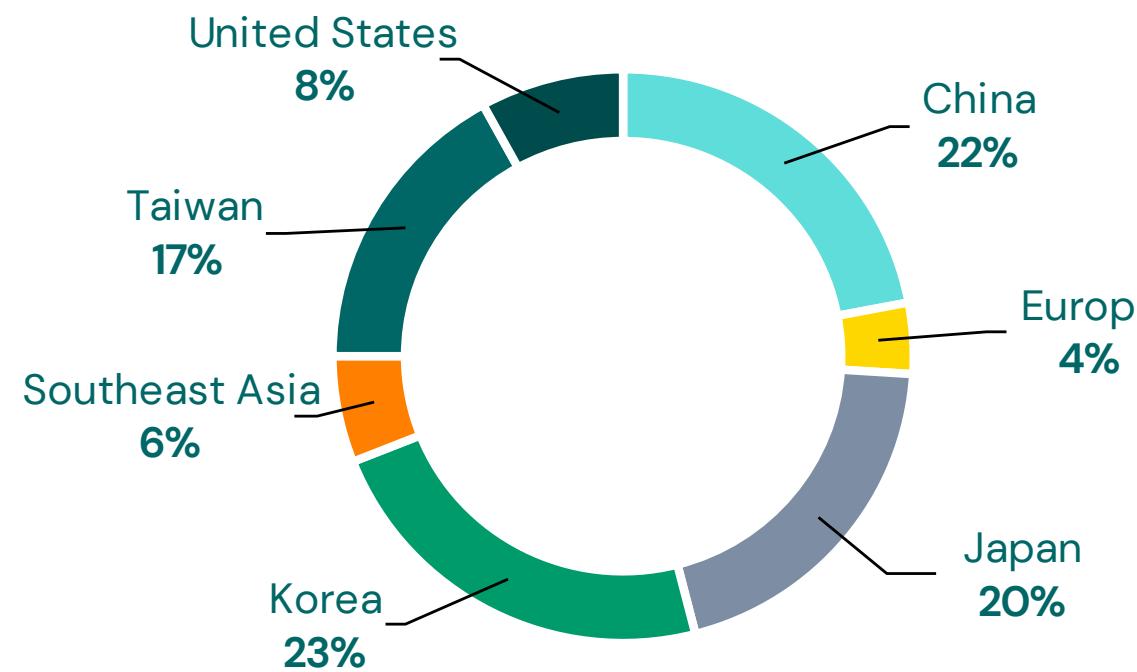


Fiscal Year Highlights

Despite a year-over-year decline in the wafer fabrication equipment market, Lam delivered solid financial performance in fiscal year 2019 with revenue of over \$9.6 billion, representing a five-year compound annual growth rate (CAGR) of approximately 16% and net income per diluted share of \$13.70, which was a 4% increase over fiscal year 2018. Lam's performance in 2019 within a challenging business environment is a testament to Lam's high-quality operational execution and strong commitment to deliver best-in-class products and services to customers, as well as the exceptional work done by our employees throughout the company. These financials are presented in conformity with U.S. Generally Accepted Accounting Principles, and details of our financials can be found at <http://investor.lamresearch.com>.

	FY' 2017	FY' 2018	FY' 2019	% Change (FY '19/FY '18)
(in thousands except per share data and percentages)				
Revenue	\$8,013,620	\$11,076,998	\$9,653,559	-12.9%
Gross margin	\$3,603,359	\$5,165,032	\$4,358,459	-15.6%
Gross margin as a percent of total revenue	45.0%	46.6%	45.1%	-3.2%
Total operating expenses	\$1,701,227	\$1,951,733	\$1,893,727	-3.0%
R&D	\$1,033,742	\$1,189,514	\$1,191,320	0.2%
R&D as a percent of operating expenses	60.8%	60.9%	62.9%	3.3%
Net Income	\$1,697,763	\$2,380,681	\$2,191,430	-7.9%
Net income per diluted share	\$9.24	\$13.17	\$13.70	4.0%

Revenue by Region FY' 19



Our Values

Our culture is built on our Core Values. These values guide our decisions in every aspect of our business – determining what we do, as well as how we do it. Our Core Values shape the way we define success as we create solutions for our customers; invest in our employees; incorporate environmental, social, and economic responsibility across our business; give back to our communities; and deliver value to our stockholders.



Achievement



Honesty and Integrity



Innovation and Continuous Improvement



Mutual Trust and Respect



Open Communication



Ownership and Accountability

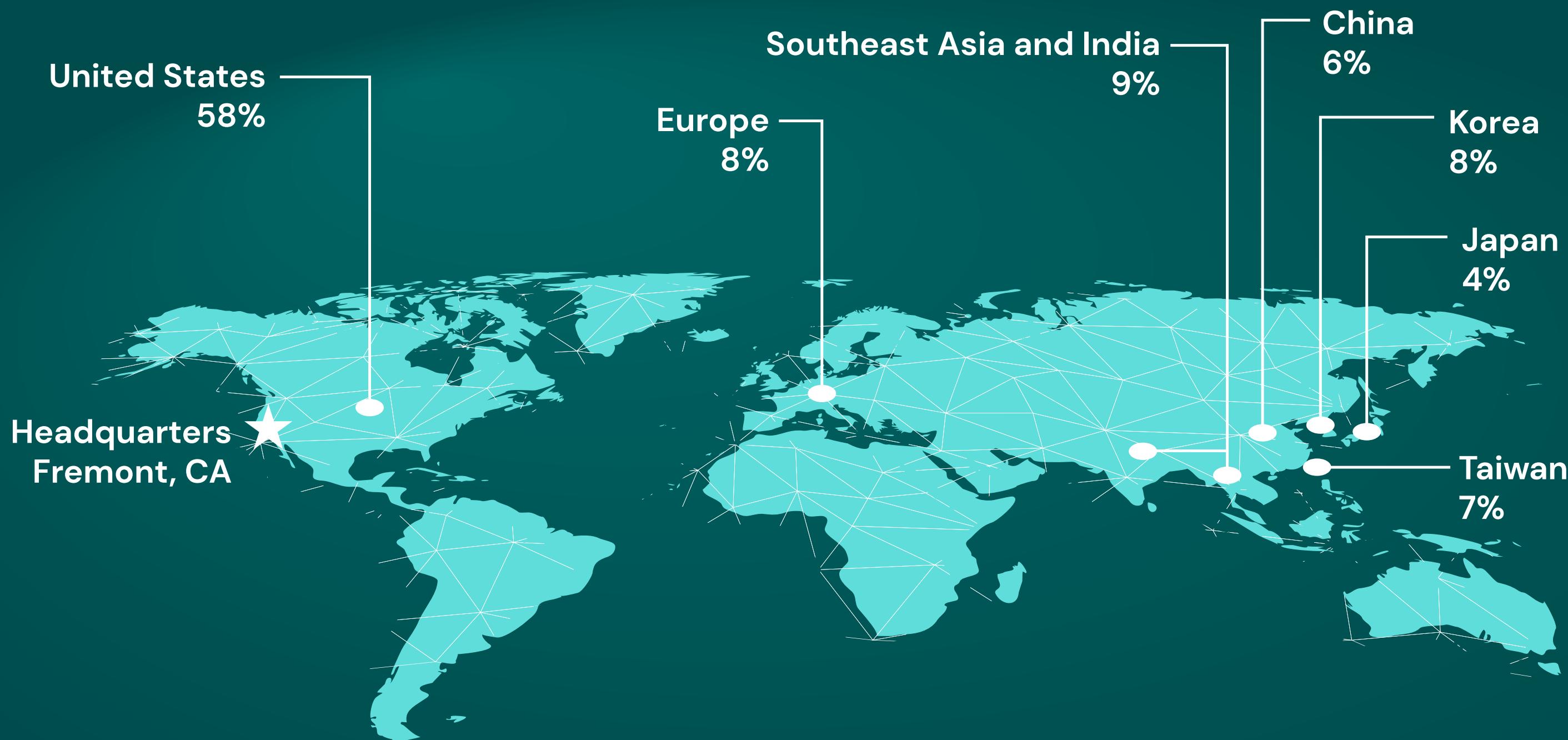


Teamwork



Think: Customer, Company, Individual

10,749 Total Employees in Offices World-Wide



Corporate Social Responsibility

An important part of advancing the industry and empowering progress is being a socially responsible company. We invest in environmental, social, and economic responsibility across our business and incorporate CSR best practices such as robust stakeholder engagement, regular materiality assessments, and alignment with the SDGs. We strive to create positive impacts for our stakeholders by:

- Providing innovative, best-in-class solutions for our customers
- Fostering the success and well-being of our employees
- Investing in and supporting our communities
- Building collaborative partnerships with our suppliers
- Delivering long-term value to our stockholders

We believe it is important to integrate CSR across the business. We achieve this through our cross functional CSR Leadership Team, which proposes CSR goals, develops strategy, and embeds CSR in our operations. Sponsored by the corporate vice president of Investor Relations and Corporate Communications and led by a dedicated CSR manager, the CSR Team is made up of leaders from multiple departments and regions. Goals and objectives are approved by senior leadership, including the CEO. We also meet with our Board of Directors to discuss CSR strategy, gain alignment on plans and goals, and report on progress.

In 2015, Lam joined nearly two hundred companies to sign President Obama's American Business Act on Climate Pledge and set five-year goals to address climate and energy challenges. In this CSR report, we discuss our progress on those goals. As part of our commitment to continual responsible growth and innovation, we are setting 2025 energy and climate goals that will lead us into a sustainable future.



Corporate Social Responsibility Strategy at Lam

Our CSR strategy is composed of six key pillars that are derived from our materiality assessment. This framework focuses our attention on our most important topics and pressing challenges in the world while helping us to deliver value to our stakeholders

Business and Governance
Integrate CSR into our business operations; foster ownership and accountability; focus on select United Nations Sustainable Development Goals

Our Communities
Be a responsible corporate citizen with employee-driven programs focused on education and societal needs

Sustainable Operations
Minimize our environmental impact through investments in energy, water, waste, and greenhouse gas emissions reductions



Products and Customers
Innovate with CSR in mind; be a partner of choice for supporting our customers' CSR goals; design for environment principles

Our Workplace
Build an inclusive and engaging workplace while achieving top performance in health and safety

Responsible Supply Chain
Ensure an ethical and responsible business ecosystem focused on human rights and environment



Commitment to Sustainable Development

The United Nations' SDGs provide a blueprint for a more sustainable future for all. Lam recognizes the importance of the roles that we, and other businesses, governments, and non-profit organizations, have in turning this blueprint into reality. As part of our commitment to sustainable, inclusive, and global progress, we are focused on five SDGs that are most material to our business activities. These SDGs, which help to guide our short-term and long-term CSR goals, are:

- Good health and well-being
- Quality education
- Decent work and economic growth
- Reduced inequality
- Climate action



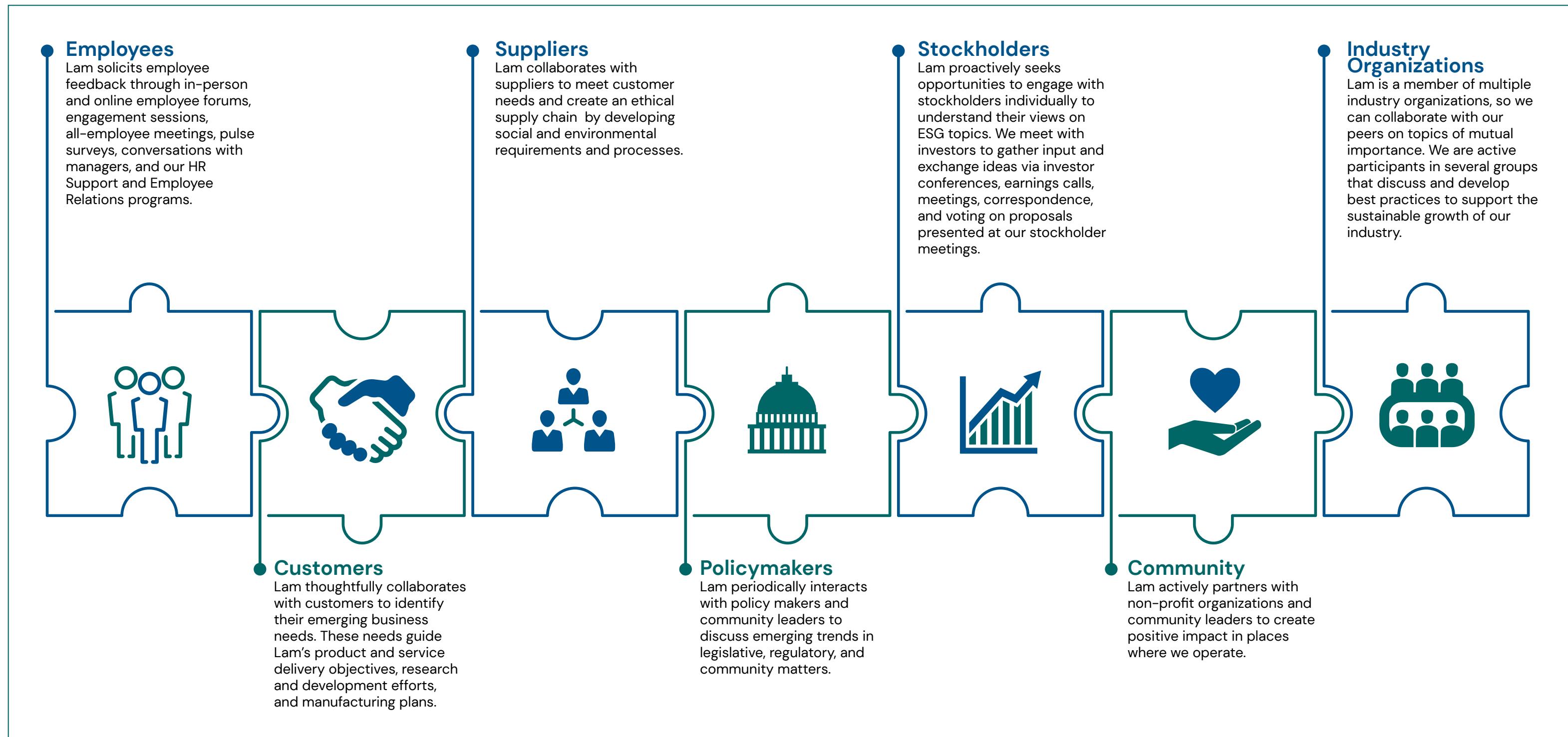
Material Topics

To ensure the salience of our CSR strategy, we conduct a materiality assessment every three to five years, or when notable shifts happen in our business. In 2018, we conducted a materiality assessment in accordance with both the Sustainable Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). As part of the assessment process, we reviewed important topics and risks published in our public financial filings, consulted with senior management and key internal and external stakeholders, and benchmarked our CSR program according to data provided by third-party ratings organizations. This assessment identified 13 priority topics. We consolidated the priority topics into six categories, which inform our key strategies and overall CSR framework. We use this framework to drive our CSR programs, set our goals, and guide our disclosures.

Category	Material Topics	Sustainable Development Goals
Business and Governance	Leadership participation in ESG	
Products and Customers	Regulatory compliance and emerging regulations Product safety Product compliance New product pipeline	
Our Workplace	Employee wellness and professional growth Health and safety Inclusion and diversity	
Responsible Supply Chain	Supplier screening and managing negative impacts within the supply chain	
Sustainable Operations	Energy efficiency Waste and recycling Greenhouse gas emissions	
Our Communities	Community engagement and charitable giving	

Stakeholder Engagement

We approach engagement with our key stakeholders in a spirit of collaboration and trust. All perspectives are valuable and offer important insight. We regularly engage with our stakeholders, through formal and informal channels, to seek their feedback on CSR issues, and consider their perspectives when developing and managing our CSR objectives.



Ethics and Compliance

Lam is committed to conducting business with the highest integrity, in alignment with our Core Values, and in accordance with the applicable laws and regulations in the locations where we operate. We hold everyone at Lam responsible for behaving in accordance with our values, so our ethics and compliance policies apply to all our employees, temporary workers, contractors, and consultants.

In 2019, we strengthened our Ethics and Compliance charter, including codifying the dotted line reporting relationship between the chief compliance officer and the Board of Directors Audit Committee and making improvements to the program design. Another governance improvement formalized the requirement that reports by the chief compliance officer to the Board and the Audit Committee should occur in executive sessions without management present. In addition, we also provided the Ethics and Compliance team with an increased budget to grow the program.

Lam strives to meet or exceed current industry standards, legal and regulatory requirements, and our own standards of business conduct. Our Ethics and Compliance program encompasses five major areas: risk management, policies, communications, training, and the Ethics Helpline.

Risk Management

Lam consistently assesses internal and external risks that must be managed to support responsible governance and ethics. Based on the risk assessment, we refine our programs and adjust our annual plan.

Policies

Code of Ethics

We maintain a Code of Ethics that applies to all employees, officers, and members of the Board of Directors. The Code of Ethics establishes standards to promote honest and ethical conduct, including the proper handling of actual or apparent conflicts of interest between personal and professional relationships. The code also establishes expectations of full, fair, accurate, timely, and clear disclosure in the periodic reports we file with the Securities and Exchange Commission (SEC) and in other public communications. We will promptly disclose to the public any amendments to, or waivers from, any provision of the Code of Ethics to the extent required by applicable laws.

Global Standards of Business Conduct

Our employees' dedication to a culture built on Core Values and customer trust drives Lam's success. To reinforce this culture and to help our employees determine the right thing to do in a variety of specific circumstances, we created our Global Standards of Business Conduct (GSBC) policy. This is a written standard of appropriate business conduct, addressing various issues such as protecting confidential information, giving and receiving gifts or entertainment, avoiding bribery and corruption, engaging in accurate accounting practices, appropriately retaining records, properly using mobile devices and other company assets, avoiding conflicts of interest, promoting fair competition, working outside of Lam, engaging in proper insider trading practices, and acceptable practices for public communications, donations, and political activities. It also addresses workplace conduct issues such as harassment, discrimination, and improper relationships.

In addition to the GSBC, we have other policies and procedures to provide further guidance on specific ethics and compliance areas, including, for example, Insider Trading policy and procedure, Conflicts of Interest procedure, and Conflicts of Interest Created by Relationship policy.

Communications

Lam communicates regularly with employees about our shared commitment to ethics and compliance through:

- Quarterly ethics and compliance email bulletins
- Messages and video postings on The Point, our intranet site
- The CEO social networking forum, all-employee meetings, and email communications

Training

We require that all our employees take an annual online training course that reinforces their understanding of selected topics covered by the GSBC and certify that they have read the GSBC. We take a risk-based approach to the topics that will be covered each year. In 2019, 97% of employees completed the training. In addition to the GSBC training, our employees also participate in comprehensive online training on anti-harassment, information security, foreign trade compliance, and IP protection. In 2019, we also provided in-person training to employees on these topics in six regions with over 900 trainees in attendance.



Ethics Helpline

The Ethics Helpline is operated by an independent service and is available 24 hours a day and seven days a week in most regions where Lam operates. It is accessible through both our external and internal websites. The Helpline provides a channel for employees, suppliers, customers, and other business partners to seek guidance or report suspected ethical or compliance violations. Concerns may be reported anonymously, and all reports are treated confidentially.

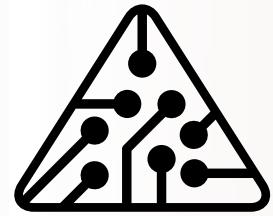
Every time a report of a potential violation is made through the Helpline, we document it, investigate it, determine appropriate remediation, and make sure that necessary remedial measures are taken. Reported topics range from employee relations to conflicts of interest. Lam did not receive any reports made by suppliers or their workforce regarding human trafficking and forced labor in 2019.

Protection of Customer Data, Individual Privacy, and Cybersecurity

Protecting the data of our employees, customers, and suppliers is critical to retain their trust. We have multiple security measures in place for critical information systems that we operate, as well as for those provided by third parties and hosted on their own networks and servers. Our security organization is responsible for cybersecurity, physical security, and business continuity. This structure gives Lam an interconnected view of security and enables efficient and effective control of our security management processes. Our corporate vice president of Business Operations, the executive responsible for security, reports on a quarterly basis to the Board of Directors Audit Committee on Lam's information security policies, program, internal controls, and incidents.

Lam has achieved International Standards Organization (ISO) 27001 certifications for information security for nine sites, ensuring that our information security management system and programs comply with global best practices. Lam also selectively screens and audits suppliers for information security controls to protect Lam's and our partners' information. In 2019, we did not experience any cyber incidents that resulted in a material adverse impact.





Products and Customers

Unlocking the Potential of Technology

As part of our culture of innovation, Lam has long been challenging assumptions and defying conventions. We push the boundaries of technology, driving breakthroughs that create solutions and accelerate progress to help our customers achieve new milestones.

Our innovations are enabling the future, and we are mindful that this future must be sustainable. We consider not only the viability of our products and solutions in the marketplace, but also the environmental and social impacts of our business, today and in the future. These considerations inform product design, R&D efforts, and how we define success for our business and our customers.

Our management approach seeks to develop innovative products and solutions that exceed safety requirements and incorporate energy efficiency features, benefiting our customers and the environment. We also strive to extend the life of our products and solutions through our Customer Support Business Group (CSBG) offerings, enabling our customers to realize greater value from our products with a potentially lower environmental impact.

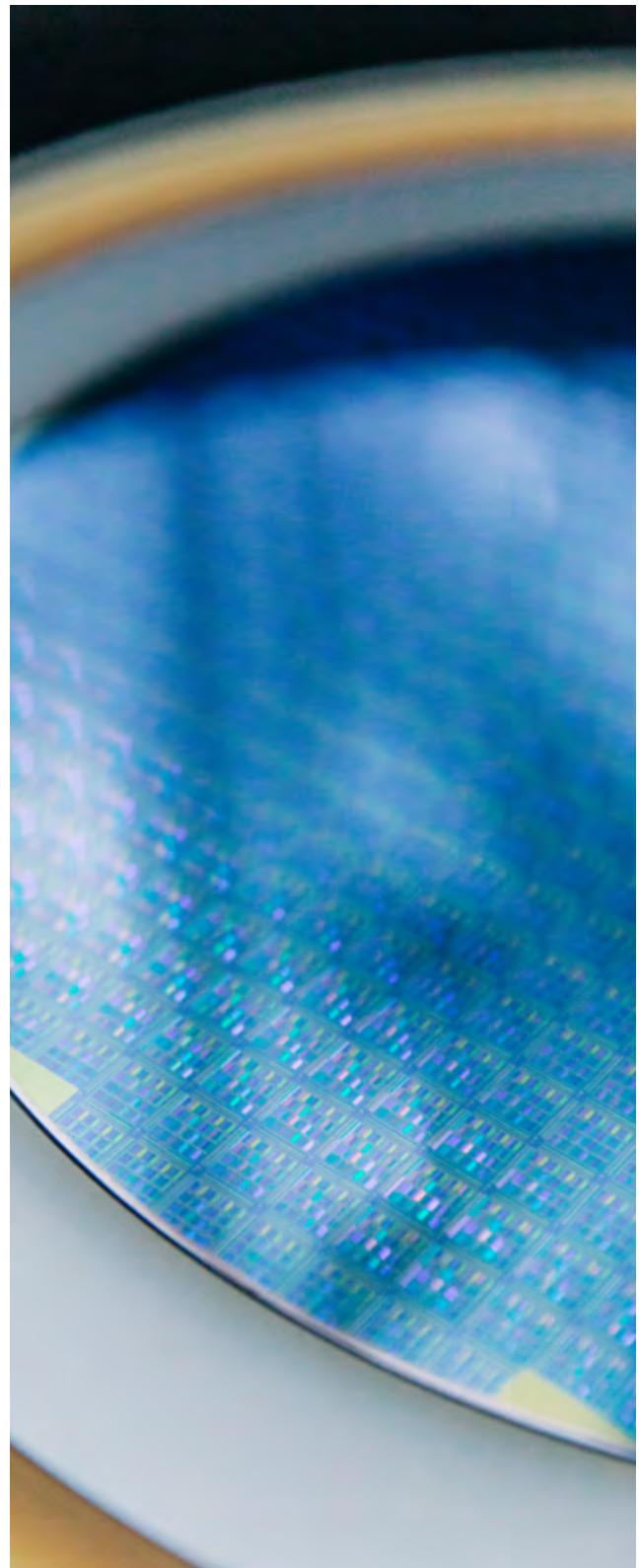
2019 Key Accomplishments

- Invested \$1.2 billion in research and development
- Achieved an installed base of approximately 61,000 chambers
- Incorporated energy-efficient features into select deposition products that can achieve up to 12% energy reduction



Product Offerings

We are a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry.



Deposition

Metal Films
Dielectric Films
Film Treatment



Etch

Conductor Etch
Dielectric Etch
Through-Silicon Via (TSV) Etch



Strip & Clean

Dry Strip
Wet Clean



Advanced Equipment & Process Control

Virtual Process Development
Mass Metrology



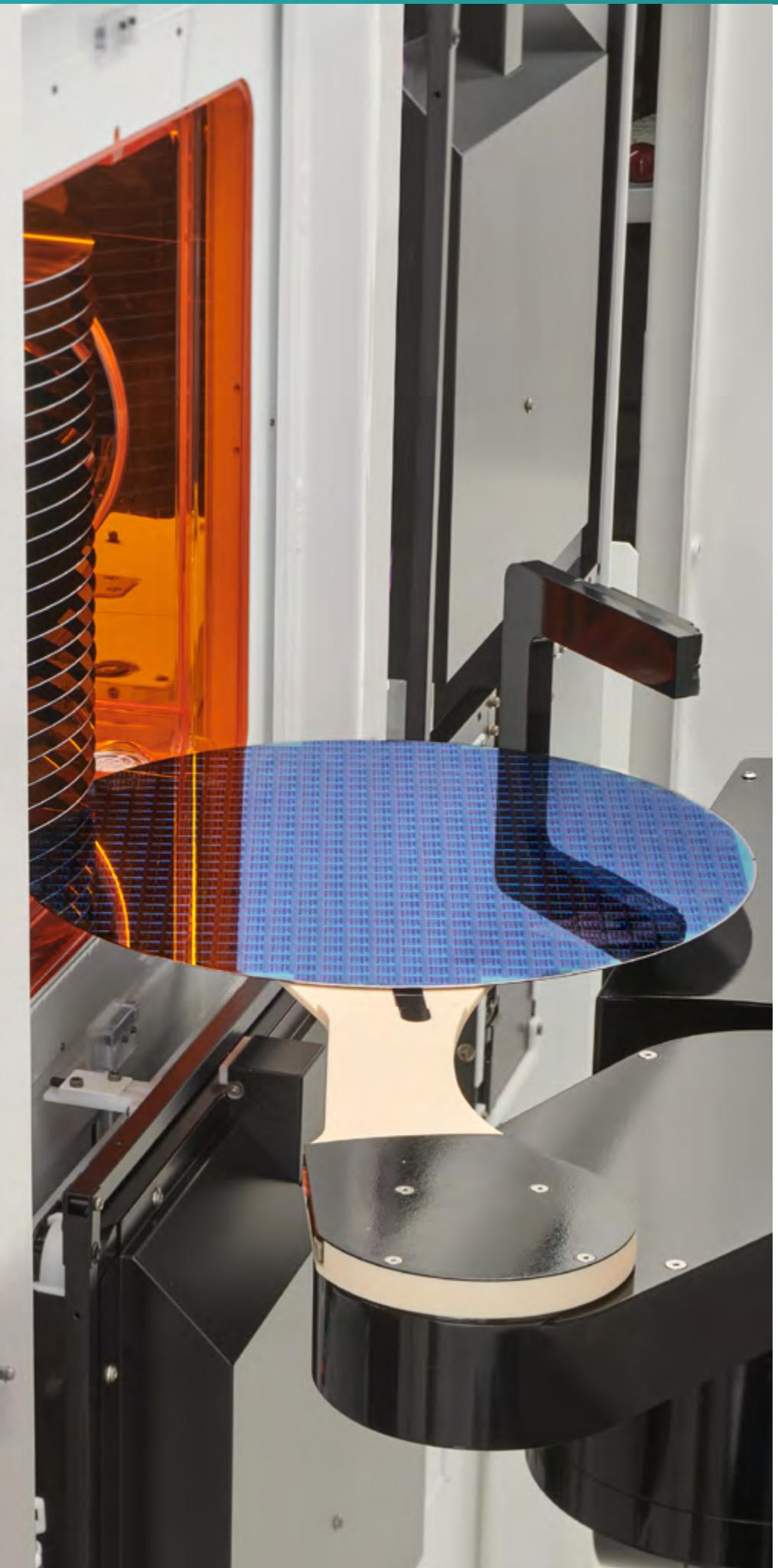
Customer Support

Service
Spares
Upgrades
Reliant Systems™

Our Customers

Our global customer base includes leading semiconductor memory, logic, and specialty technology chipmakers. We are committed to our customers' success and partner with them to build smaller, faster, and better performing devices. Making semiconductors often requires highly sophisticated process technologies to integrate an increasing array of new materials with precise control. Our equipment delivers cost-effective, high productivity capabilities that enable customer success.





Commitment to Innovation

The fourth industrial revolution, also referred to as Industry 4.0, connects technologies – artificial intelligence, smart manufacturing, big data, and others – to power more productive, responsive, and connected devices and solutions.

As a leader in semiconductor manufacturing equipment, Lam is not just experiencing this revolution – we are enabling it through the technologies we create. Our ability to achieve and maintain leadership depends on our culture of and investments in innovation. We make significant investments in R&D programs and focus on trust-based collaborations with our customers to develop solutions to grand challenges in the areas of atomic scale precision, surface integrity, affordability and sustainability, equipment intelligence and speed to solution. We maintain a culture of innovation through projects and programs that inspire our people, generate new ideas and encourage new ways of working that drive value for our customers, company and communities.

Realizing Opportunity with Innovation and Collaboration

In 2018, we launched Tech Vision, our guiding principles that provide shared purpose across the Lam global technical community around areas of strategic relevance, customer grand challenges, and critical enabling technologies. Tech Vision is the framework for our innovation programs and events to encourage our employees to connect, learn, innovate, and be inspired.



We **Discover Together** through a series of educational opportunities and events, both in person and online. Our technical community showcase their work with peers and management to inspire one another and encourage knowledge sharing and collaboration.

We value diverse perspectives from both inside and outside the company, and actively participate in technical forums with customers, industry peers, university faculty, and students to spark new ideas and spur collaborations to address grand challenges.



We **Accelerate Innovation** through programs, partnerships, and co-development opportunities. Lam offers a unique lab infrastructure that supports innovation and enables fast cycles of learning. As part of our agile engineering capability, this lab structure allows us to move quickly and experiment with a wide range of materials, processes, and hardware configurations.

University Engagement: Accelerating Innovation through Collaboration

Lam collaborates with universities and academic consortia around the globe. We support leading-edge research and build strong relationships with students and professors. These engagements drive diversity in our technology and talent pipelines, increase speed to solution, build thought leadership, and position Lam at the forefront of emerging technologies.

In addition to research collaborations, Lam's university engagements include providing scholarships, fellowships, and thesis awards, as well as sponsoring scholarly competitions, events, research consortia, and lab affiliations. In 2019, we had research engagements with approximately 70 universities in 19 countries.

Our University Committee, a cross functional team with both technical and non-technical membership across Lam, provides oversight and continuity across our university engagements efforts. In 2019, a Global University Council was formed to further engage regional leadership and enhance our global university engagement activities.

Unlock Ideas 2019

Unlocking the potential of technology requires open innovation. Unlock Ideas is a university grant program to support feasibility testing of innovative concepts, funded jointly by the Lam Research Foundation and the Office of the Chief Technology Officer (OCTO). Each winning proposal earns a \$25,000 seed donation for the corresponding academic partner. In 2019, regional participation increased, and submissions represented broader technology coverage than ever before, helping Lam to continue to push the boundaries of innovation.

- 23 proposals were chosen
- Submissions were in partnership with professors from 57 universities across 10 countries



Tech Symposium

The Tech Symposium is our premiere forum for academic and industrial collaboration to drive innovation. Participants share learning on advanced research, explore cross-institution collaboration, and educate students about careers in the semiconductor industry.

Start-Up Competition at Tech Symposium

New to the Tech Symposium in 2019 was the Lam Capital Start-Up Connection, a collaboration with the MIT Startup Exchange to build bridges between start-ups and industry. Eleven entrepreneurs were invited to pitch their ideas, and their presentations were judged by a panel of top venture capitalists. All participants received industry exposure, and the winning company received a convertible note for their next round of funding from Lam Capital.



This annual event is held with our strategic university collaborators: Massachusetts Institute of Technology (MIT), Stanford University, Tsinghua University, and the University of California, Berkeley. It features customer keynote presentations, faculty talks, discussion panels, a student poster session, and networking opportunities. More than 150 students, professors, and industry executives participated in the 2019 event co-hosted with MIT.nano and Microsystems Technology Laboratories (MTL) on the theme of "Smart Systems for Semiconductor Manufacturing."

Seminar Series

Our technical seminar series provides a regular opportunity for the Lam community to share work with peers. We held 49 sessions attended by more than 7,250 Lam employees in 2019. In addition, we invite distinguished faculty to present on their latest research and findings. We host thought leaders once per quarter to share insights on innovation methodologies and approaches. In 2019, we had the honor to host speakers from Google, Intuit, Singularity University, and TCGen Partners.

Engineering & Technology Conference (ETC)

Every year, Lam brings together 500 members of its global technical community to connect, learn, innovate, and inspire. The impact of this annual event is tremendous:

- 93% of attendees reported learning something at ETC that will help them solve a challenge faster or more holistically
- 86% of attendees reported that attending ETC sparked a new idea or encouraged use of an innovation best practice



Villach Crowdsourcing Campaign

Early in 2019, our Villach, Austria, office held a crowdsourcing campaign, inviting employees to submit their ideas on how to improve our clean products. Employees brought 46 innovative ideas to the table, and a committee of leaders reviewed the ideas and awarded prizes. These ideas significantly increased efficiencies for both Lam and our customers. "I liked the idea that any employee can provide a proposal from a personal perspective of daily business," said Ursula Habernig, a foreign trade manager.



Increasing Equipment Productivity, Energy Efficiency, and Life Cycle

Maintaining the rapid pace of innovation in our industry is key for our customers, and Lam is committed to delivering product and service offerings that meet our customers' productivity needs. We continue to invest in R&D to extend the life and capability of our products and solutions, which can result in materials and energy savings.

In 2015, Lam committed to expanding the product and service offerings that enable customers to curb chemical consumption and greenhouse gas (GHG) emissions within their operations. We have since achieved the highest chemical reclaim efficiencies in the industry to reduce chemical consumption and waste, particularly for our clean products. We approach power usage reduction in two ways: productivity improvements (reducing the amount of



energy consumed in making each wafer) and pure energy savings (building our equipment with more energy-efficient heaters, radio frequency power sources, and other components). Since 2015, we have achieved a cumulative reduction in energy use of up to an estimated 36% in multiple deposition product lines and a 25% reduction for our EOS® wet clean product lines.

In 2019, we incorporated further energy efficiency features into our deposition products: these features offer up to 12% energy reduction for chemical vapor deposition (CVD) tools via process cooling water improvements, adding an ECO pump and an ECO mode scrubber, and optimizing exhaust flows. For our SABRE® line, we offer features that can achieve a 9% reduction in energy use with a thermal shield, chamber exhaust improvements, and a more efficient chiller. Lastly, we incorporated features that offer over 200,000 kWh per year energy reduction for each EOS tool via facility reductions in exhaust and vacuum. The lower exhaust requirement will save one of our customers approximately 4 million kWh per year.

Our CSBG organization provides products and services that maximize installed equipment performance, predictability, and operational efficiency. By the end of 2019, we had an installed base

of approximately 61,000 chambers with a dedicated team to serve and maintain those tools for maximum productivity. We offer a broad range of services to deliver value throughout the life cycle of our equipment, including customer service, spares, upgrades, and refurbishment of our products. CSBG is committed to supporting our customers to extend the life of their existing equipment. Many of the technical advances that we introduce in our newest products are also available as upgrades, which provide customers with a cost-effective strategy for extending the performance and capabilities of their existing wafer fabrication lines.

Additionally, our CSBG provides new and refurbished previous-generation equipment for applications that do not require the most advanced wafer processing capability.

Commitment to Quality

Lam is committed to continuously enhancing the quality of operations. We take a holistic approach to develop and produce high-quality products and services, resulting in positive differentiation with our customers. Lam maintains a certification for ISO 9001, an international standard that provides a framework for an effective quality management system.

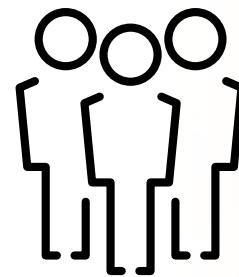
We also strive to ensure that quality is a value that is embraced with pride by our employees and that it is evident to our customers. In 2019, we created a Quality Leadership Team (QLT) to oversee and reinforce our commitment to a culture of quality. The QLT is a cross-functional senior management team focused on critical business processes to deliver company-wide quality performance and awareness. The team's role is to understand our customers' perspectives and ensure that safety and quality are designed into every product. The QLT includes members from our product groups as well as representation from departments such as Engineering, Global Quality, Global Operations, Manufacturing, Supplier Quality, Sales Operations, and Customer Service.



A New Life for the Kiyo45™

One of our etch products released nearly 15 years ago, Kiyo45™ was nearing obsolescence. However, when a customer approached us with a completely new challenge, Lam's Customer Support Business Group realized the older technology had the flexibility to adapt to a new purpose. Together, we created an innovative solution that repurposed yesterday's technology to solve tomorrow's challenges, giving old equipment a creative, new role in an evolving industry.





Our Workplace

Empowering the Potential of Our Employees

Lam strives to provide a work environment that unlocks the potential of our employees by supporting their talents, uplifting their voices, and fostering their creativity. We are committed to attracting and retaining the best talent, and we believe that an engaged, diverse, and thriving workforce will drive a sustainable future for our company and society.

Our management approach is built on the idea that our employees are at the heart of our company's success. Employee engagement, inclusion and diversity, professional development, recognition, safety, and wellness are areas we focus on to make Lam a great place to work. In particular, we believe that an inclusive and diverse workforce is critical to the success of our business and the employee experience. In 2019, we made significant investments into strengthening these aspects of our workplace strategy and will continue to do so with attention and resources. These efforts are led by the senior vice president of Human Resources and governed by the Compensation and Human Resources Committee of the Board of Directors, ensuring the highest level of attention is devoted to our goals in this area.

2019 Key Accomplishments

- Increased our employee engagement across the globe with CEO engagement sessions and global employee surveys
- Expanded our inclusion and diversity program with additional resources, the launch of global inclusion training, and new employee resource groups
- Supported employee growth with new career development, mentoring, and job rotation programs, and nearly 480,000 hours of training across 3,000 different courses

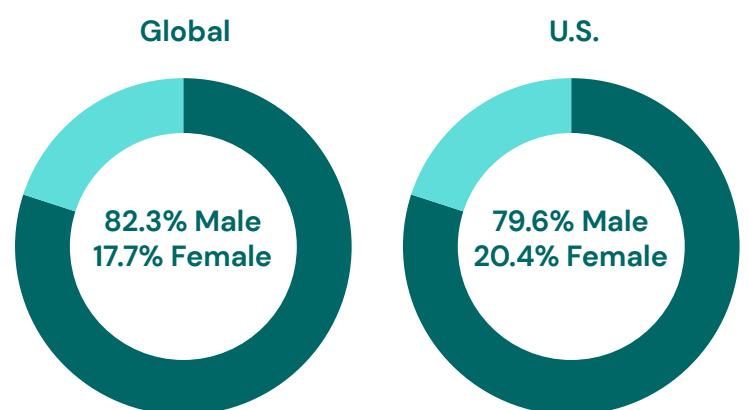


Our People

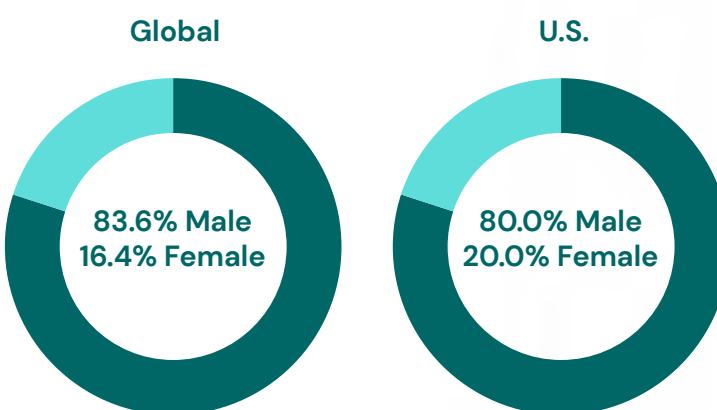
Our diverse and talented people offer invaluable perspectives and expertise to fuel our innovation and progress. We embrace inclusion and diversity and proactively create opportunities to attract, retain, and reward a multidimensional workforce. Our positive growth and values-based culture are reflected in more than 712 new hires, a 91% retention rate, and 8 average years of service at Lam.

As part of our commitment to transparency we are increasing our demographic disclosure this year to include information about the global gender makeup of our executive and manager levels, along with new college graduates (NCGs), within the company. Programs we have already put in place, such as mentoring and rotation programs, along with future programmatic investments, will support our efforts to increase diversity at Lam.

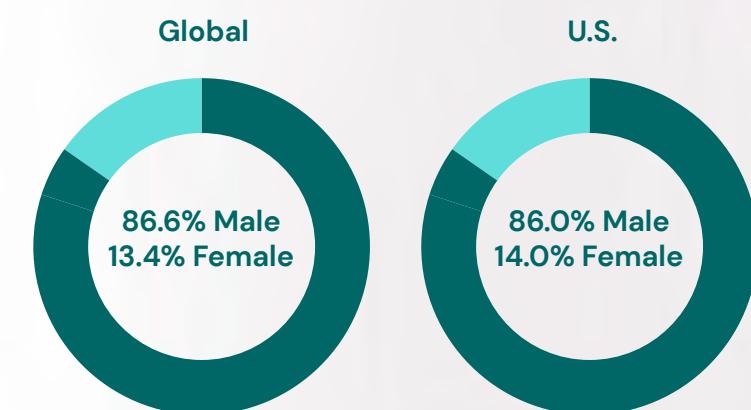
**All Employees
Global and U.S. gender**



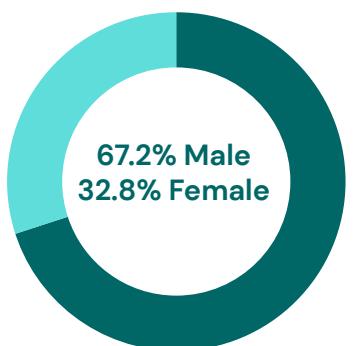
**Managers
Global and U.S. gender**



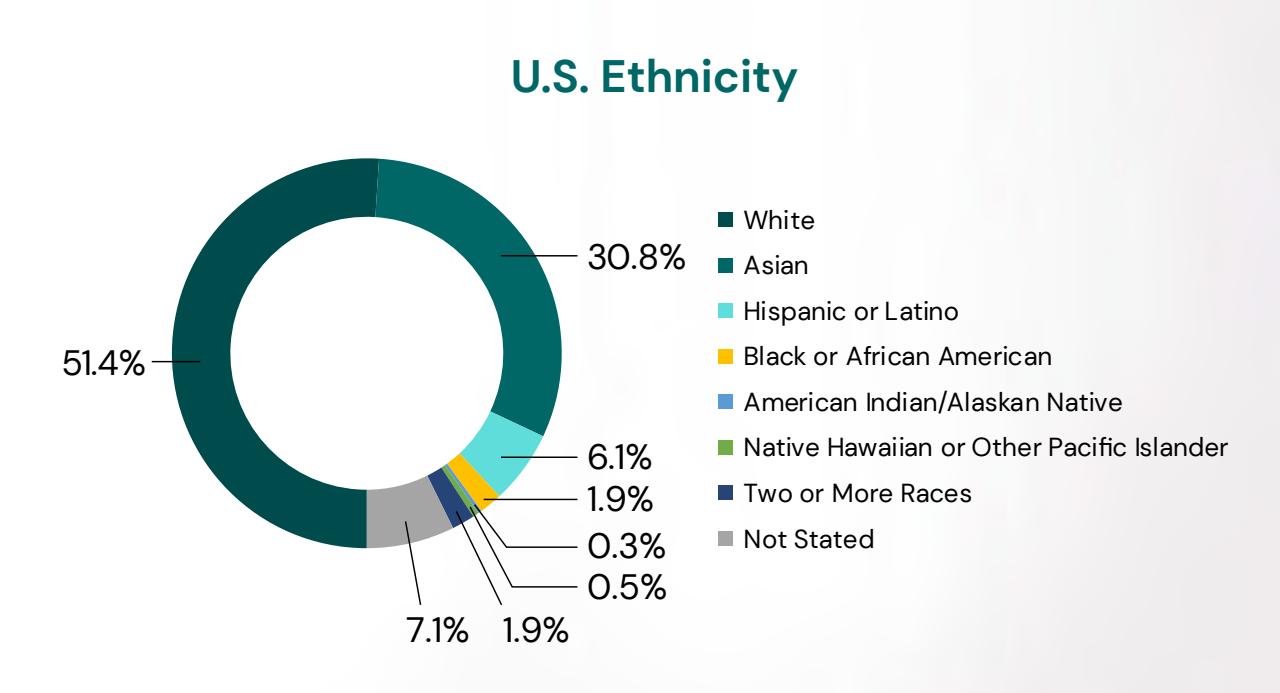
**Executives
Global and U.S. gender**



**New College Graduate
U.S. gender**



U.S. Ethnicity



Engaging Our Employees to Create a Great Place to Work

"Our culture of continuous improvement relies on our foundation of continuous feedback."

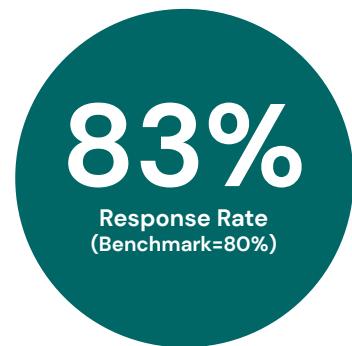
– Tim Archer, president and CEO

Seeking Employee Input and Ideas

In 2019, Lam focused on increasing engagement with our employees and amplifying their voices. Within 100 days of being appointed, our new CEO held 46 in-person engagement sessions with more than 1,000 employees across the globe. In these sessions, many employees openly shared their thoughts and ideas on how to make Lam better. Our Board of Directors also met directly with employees in small groups at multiple locations in order to engage and hear directly from employees. In August, we rolled out a global survey to gather input from employees on culture, inclusion and diversity, career opportunity, and manager effectiveness. Based on the feedback from employees, we undertook multiple actions in 2019, including:

- Launched a new inclusion training for our global workforce to ensure employees feel valued and respected
- Expanded employee access to online learning materials
- Created a new job rotational program for experienced employees, modeled after our successful new college graduate rotation program
- Piloted a mentoring program with three women employee resource groups
- Launched new Grow and Lead development programs for first-time managers and experienced managers, respectively, focused on developing high-performing, inclusive teams

Employee Survey Results



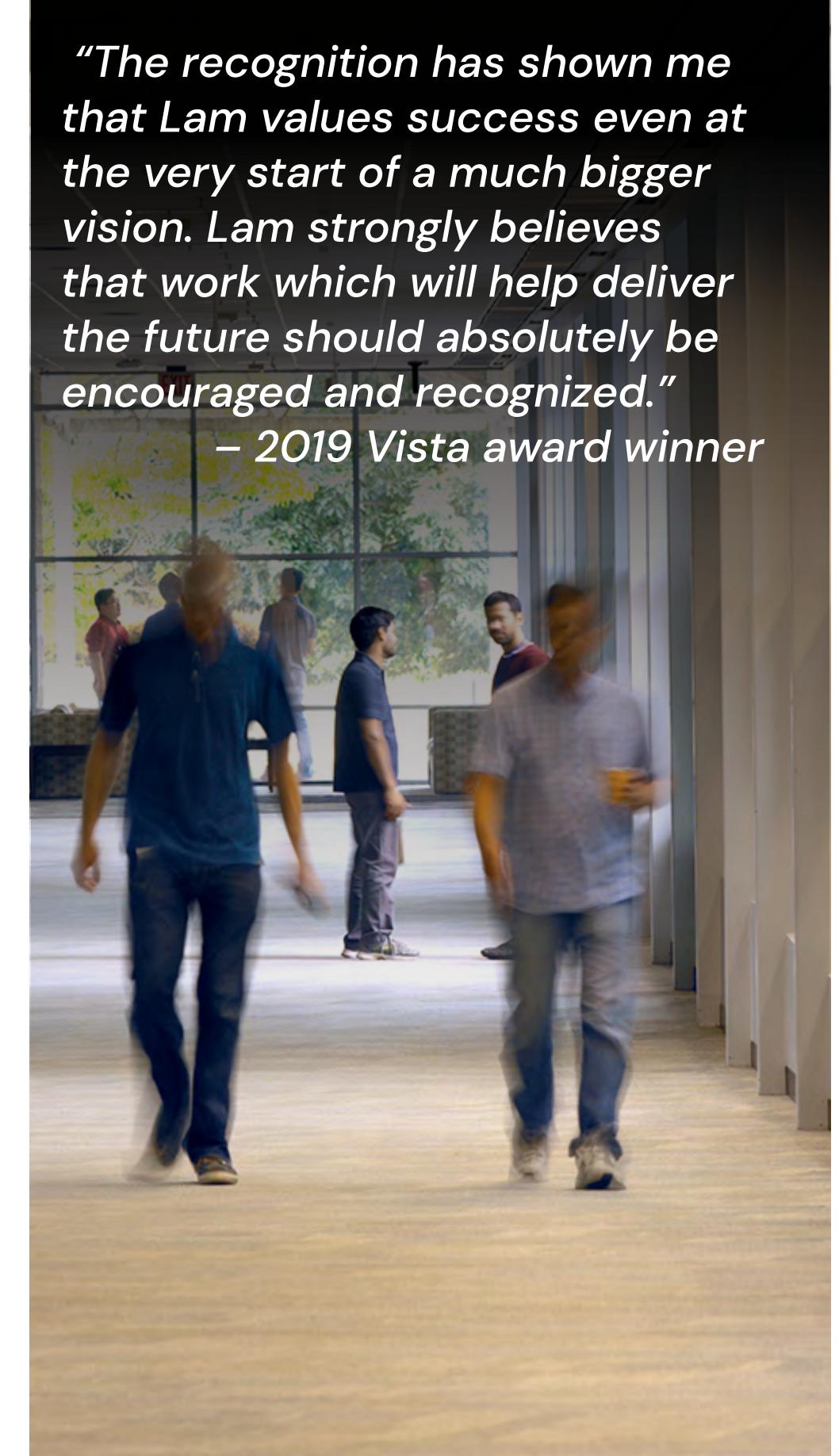
Employee Recognition

Recognition is a key part of Lam's employee engagement strategy. Our awards, granted to both individuals and teams, acknowledge innovative contributions, problem solving, and demonstration of Core Values. Recognition can be given by leaders, committees, and peers and includes the following awards:

- **Above and Beyond** – any employee can nominate another employee for their contributions that exemplify our Core Values. In 2019, employees recognized fellow colleagues with over 70,000 awards.
- **Vista** – executives recognize and reward significant team accomplishments that achieve vision objectives, demonstrate Lam's Core Values, and deliver high impact results to our company and our customers. In 2019, there were 516 Vista award recipients.
- **Outstanding Technical Achievement (OTA)** – given to employees by Lam executives for epitomizing the Mission, Vision Objectives, and Core Values of Lam. These individuals are recognized for major technical contributions and best-in-class leadership. In 2019, we distributed two OTA awards.
- **Patented Innovation** – an annual recognition by Lam executives of an outstanding patented technology issued in the past five years. In 2019, we distributed one Patented Innovation award.
- **Fellow** – honors employees who are widely recognized as leading technical experts within the industry, role model Lam's Core Values and consistently deliver cumulative, substantial contributions that significantly impact Lam's products, business, and customers. In 2019, we named one new Fellow.

"The recognition has shown me that Lam values success even at the very start of a much bigger vision. Lam strongly believes that work which will help deliver the future should absolutely be encouraged and recognized."

– 2019 Vista award winner



Building a Culture of Inclusion and Diversity

At Lam, we believe it is important for every person to feel valued, included, and empowered to achieve their full potential. By bringing unique individuals and viewpoints together, we achieve extraordinary results. Diverse backgrounds, perspectives, and talents promote creativity and innovation, accelerate performance, and are critical to the company's long-term success.

Lam's inclusion and diversity approach focuses on three core pillars: fostering inclusion, increasing diversity, and sharing our progress. As part of our ongoing commitment to an inclusive and thriving culture, we direct our investments toward four key areas: leadership development, employee engagement, talent growth, and communications. In 2019, we expanded our resources by hiring an experienced leader to enhance our corporate inclusion and diversity program and promote the integration of our strategic initiatives across all business units.

Fostering Inclusion

We continue to strengthen our culture and create a positive and productive work environment and recognize inclusion as a key driver of success. Our culture of inclusion encompasses many aspects of the employee experience – we are intentional about fostering inclusion in recruiting, training, and company policy.

Training and Employee Support

We offer a variety of trainings and employee resources to promote an inclusive culture and meet employees' needs. To strengthen our managers' skill in leading with inclusion, we incorporated tools and resources for building an inclusive culture into our Grow and Lead management development programs. We also introduced an unconscious bias mitigation training for all people managers. We strengthened our Global Anti-Harassment Policy and required a harassment-prevention training for our global workforce. Our Employee Relationships team also serves as a resource for addressing employees' concerns.

In addition, we launched several women's mentoring cohorts with our Women@Fremont, Women in Global Operations, and Women in Engineering employee resource groups (ERGs). Individual contributors and junior managers were paired with senior leaders to develop leadership skills and individual learning goals. Approximately 95 mentees participated in our 2019 pilot programs.

Inclusion and Diversity

Foster Inclusion

Create and ensure a positive and productive work environment that recognizes inclusion as a key driver of business results



Increase Diversity

Increase opportunities for diverse perspectives, leading to better decision-making and greater innovation



Share Progress

Be transparent about our position and direction, and hold ourselves accountable to continuous improvement



At Lam, our vision is for every person to feel valued, included, and empowered to achieve their full potential. By bringing unique individuals and viewpoints together, we achieve extraordinary results.

Employee Resource Groups

In 2019, we formalized our ERGs to enhance Lam's culture of inclusion. ERGs are communities of employees that volunteer to contribute to an inclusive and diverse culture at Lam. These groups connect employees, provide learning and development opportunities, participate in mentoring programs, support recruitment, and engage in our local communities.

Under our new ERG model, each group develops its own charter, goals, and initiatives in accordance with Lam's three pillars of inclusion. Our current groups support a broad range of constituents, including two newly formed groups: PRIDE and Veterans at Lam. In addition to those groups, we have Women in Engineering, Women in CSBG, Women in Lam Leadership, Women in Global Operations, Women@Fremont, and Community of Latinos & African Americans for Student Success Outreach (C.L.A.S.S. Outreach) ERGs actively engaging with employees.



Women in Engineering hosts events focused on professional development and actively participates in the Society of Women Engineers. The group also partners with non-profit organizations Girls Inc. and Saturday Academy to support local communities.



PRIDE was formed in 2019, and the group held their first celebration in June to share what Pride Day means to its members and give employees a chance to celebrate and support our lesbian, gay, bisexual, transgender, queer, and asexual community (LGBTQIA).



"I am excited that Lam is supporting our newly formed PRIDE group," noted founding member and mechanical engineer Jeremy Tucker. "The investment in our ERG supports an environment where employees can be comfortable as their complete selves at work and make a positive impact on vulnerable LGBTQIA communities outside of Lam."

Lam Veteran's Community was created in 2019. Inaugural activities included hosting a lunch for veterans at our Tualatin, Oregon, facility. The group also provided access to HeartMath Education and Resilience Training (H.E.A.R.T.), a program that supports veterans and their individual needs.



C.L.A.S.S. Outreach holds events at Lam in partnership with the 100 Black Men of Silicon Valley organization and the Hispanic Foundation of Silicon Valley to educate diverse youth on technology careers.



Albert Wright, master engineering technician, who leads the C.L.A.S.S. Outreach group said, "We have impacted over 500 students, educators, and others, through our annual CuBu (pronounced, "See You, Be You") site tours, where local African American and Latino students are exposed to our industry through Lam professionals who look like they do."

Valuing Diversity

Lam recognizes the importance of diversity and believes that it leads to better decision-making and greater innovation. In 2019, we focused primarily on recruitment practices and engagement with external partners for our diversity strategic pillar. A key component of our strategy was to ensure our recruitment team and hiring managers sought a diverse slate of candidates for all U.S. positions.

In 2019, we expanded our diversity hiring goals for NCGs to include interns and focused on increasing gender diversity within our cohorts. We made great progress towards this goal; women constituted 32.8% of our 2019 cohort, a significant increase from 23.5% in 2018. One way we are working to meet these goals is by leveraging existing events and partnerships, like Lam Days. These annual campus events with strategic university partners promote networking and technical exchange between Lam and students and faculty. The 2019 Lam Days at Stanford and the University of California, Berkeley featured a coffee break with students from women's groups in the engineering colleges. We followed another one of our signature university events, the Lam Research Tech Symposium, co-hosted with MIT.nano and Microsystems Technology Laboratories in 2019, with a "Breaking Barriers" breakfast where female students gained career insight from a panel of female Lam employees.

This year, Lam selected 12 graduate students from the National Consortium for Graduate Degrees for Minorities in Engineering and Science (GEM) for all-expenses paid fellowships and summer internships at Lam. GEM aims to increase the participation of underrepresented groups in science, technology, engineering and math (STEM) graduate programs by providing full-tuition fellowships at the master's and doctorate levels.

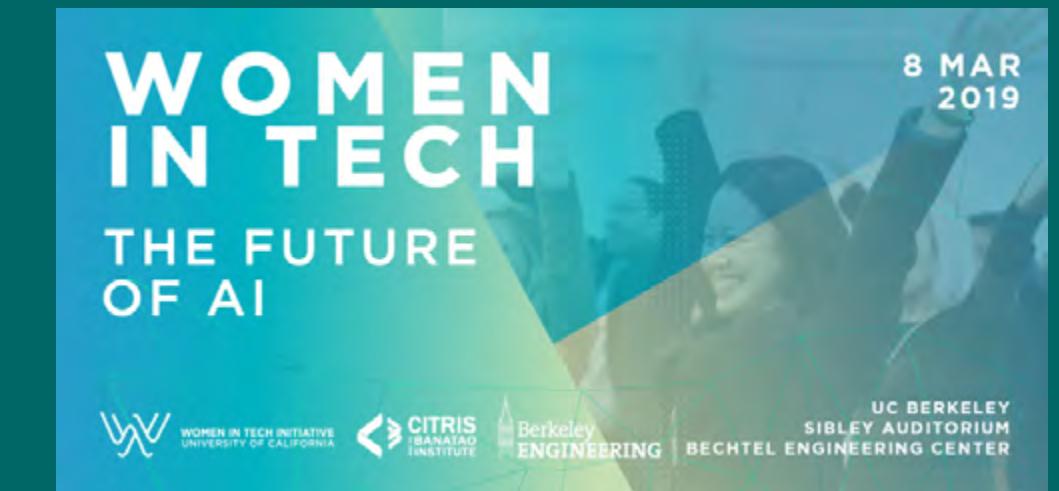
Sharing Progress

Lam commits to being transparent about our progress towards a more inclusive and diverse workplace. We hold ourselves accountable to continuous improvement through internal goal setting, public disclosure of employee demographic data, and regularly sharing progress reports.



Women in Tech

Lam sponsored the third annual Women in Tech Symposium devoted to "The Future of Artificial Intelligence (AI)." The event, launched by the Women in Tech Initiative at the University of California (WITI@UC), showcased the experiences of professional women in the AI field and explored our collective future with representatives from leading companies, start-ups, academia, and the public sector.



Collin Muniz

2019 GEM Fellow

University of Southern California, PhD Chemistry
Oregon State University, BS Physics and Chemistry
Intern – Etch Business Unit

"Many of my student peers finish their program and then have to decide what they REALLY want to do after school. My experience at Lam is giving me more industry perspective while enhancing my problem-solving skills."

Recruiting the Best and Brightest through University Engagements and Events

Lam focuses on hiring the top talent to fuel our future success. Many of our recruitment efforts are carried out through critical partnerships with key universities. Through our internship program, new college graduate program, and our on-campus events, we are able to recruit some of the best and brightest students. Many of our senior executives began their careers at Lam right out of college, and we believe our deep engagement with our university partners will lead us to many of our future leaders.

Our internships offer employment for current college or university students. Students collaborate with experienced professionals and get hands-on technical or business experiences that complement their academic studies. Interns are also encouraged to develop innovative ideas and solve complex engineering or business problems. Interns present their work at a poster session held in conjunction with our University Collaboration Showcase.

Lam's NCG program combines educational training with hands-on opportunities to provide early career professionals with intellectually challenging and dynamic experiences that will help prepare them for their careers. In 2019, we recruited 19% of our new hires through our NCG program from over 70 universities globally. To enhance the NCG program, we launched a rotation initiative within it, which gives newly hired engineers an opportunity to explore different facets of our business through active participation in various groups. After completing the 18-month program, participants choose a team that offers the best match for their skills, passion, and career goals.

Beyond our events and symposia on our university partner campuses, we also work with the Lam Research Foundation to provide college scholarships, fellowships, and thesis awards in support of engineering and chemistry endeavors. The foundation provided 100 scholarships to college students in the U.S. and Asia in 2019.



Iginla Muritala
Business Function Intern, 2019
Villach, Austria

"I discovered that university studies were not enough to create a successful career. Adding an international practical experience in a multinational firm like Lam Research made it whole."



Adrija Bose
Customer Service Support,
Spares India
New College Graduate, 2019

"The exposure I received at Lam as an NCG made me comfortable from day one and helped me to identify a clear career path. The programs smoothed my induction process at Lam and exposed me to Lam's Core Values, which are very helpful not only in my career but also in my personal life."



Sesha Varadarajan
Senior Vice President &
General Manager, Deposition
New College Graduate, 1999

"NCGs are invaluable for the company because they actually don't have preconceived notions on what can and cannot be done! They always surprise the veterans with fresh ideas and perspective – we all learn from each other. We should constantly be curious to understand why. That persistence to ask "why" is the entire foundation of being a better contributor at Lam."

University Collaboration Showcase

Our university partners play an instrumental role in fostering innovation through collaboration and help us make connections with the brightest emerging talent. Our annual University Collaboration Showcase provides an opportunity for Lam to engage with top graduate students in the U.S., while also providing a forum for Lam technical liaisons and graduate students to share learning from research collaborations. In 2019, 11 students were invited to present their research, and had the opportunity to learn more about Lam through lab and manufacturing tours as well as networking with employees and executives.

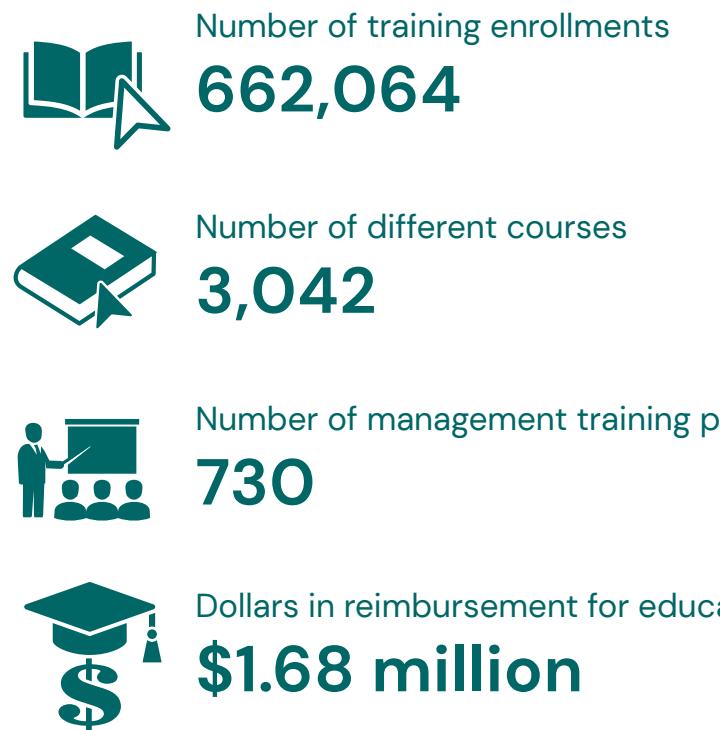


Employee Development: Fostering the Potential in Each Other

We're committed to fostering our employees' professional growth, which will spark the innovation and next generation ideas that we seek. Lam is focused on growth and development at every level of the organization – we believe this will lead to success for our business and our employees. In 2019, we built, expanded, and implemented multiple development programs that contribute to a strong pipeline of talent and solid succession plans. We also launched a global individual development plan to align our development practices across the company. These investments support the continued growth of our people and led to nearly 1,400 internal promotions in 2019.

Our development programs are designed to scale leadership across Lam by guiding managers to motivate and inspire employees and harness the power of inclusive teams. We offer access to on-site classroom, online, and virtual reality learning for professional development and education. Employees can also access funding for college education courses.

Training at Lam



In 2019, we invested significant resources in our leadership programs:



Grow is a development program for our new managers. We redesigned this program in 2019 to align with the Lead and Edge programs, which are intended for more senior and experienced leaders. Grow focuses on effective people management tools and practices, communication, and two-way feedback skills. In 2019, 247 of our employees completed the program. Their Grow experience continues beyond the in person training course in a 12-18 month journey of additional content, experiences, and opportunities to participate both live and online in an ever-growing community of managers.



Lead is a newly created program designed for experienced managers. Following the 4-day classroom training, participants receive a monthly continued learning opportunity on topics related to the Lam leadership competencies and Lead program focus areas. In 2019, 335 of our employees participated in this program.



EDGE is a cohort-based, year-long program for executives who interact, collaborate, and influence globally within and outside of the company. Designed in collaboration with faculty members from the University of California, Berkeley Haas School of Business, the curriculum is intended to equip leaders with the skills needed to drive positive change. Facilitated by world-class professors from Berkeley, Harvard, MIT, and Stanford, the program helps these leaders to enhance their skills in leading high-performance teams, strategic thinking, and executive communications through continuous practice, education, and exposure. Each participant receives executive coaching for one year and works on a large-scale cross-functional project to create value for Lam. During 2019, 148 leaders completed the Edge program.



EnCoRE is a new rotation program developed in 2019 and to be launched in 2020. Over the course of two six-month rotations, selected employees will work in new roles and geographies to expand their knowledge and gain exposure to different aspects of the business.

Our technical training programs offer a variety of development opportunities for our technical employees:



Leap provides engineers with four levels of technical certification across 11 disciplines. The classes foster knowledge transfer, cross-functional collaboration, speed to solution, and personal development. In 2019, we had approximately 1,100 graduates and 1,350 programs completed. A program survey showed that the majority of respondents agreed that Leap is facilitating career and skills development, building consistency in technical capability, and improving productivity.



Mixed Media Training is a globally expanding program that delivers performance-based learning through various media to employees and customers. This new approach reduces training costs, improves in-region training, and enhances our product training portfolio for customers. Virtual reality allows for effective and efficient equipment and software operation training and helps us expand our technical training programs.



Pradeep Bhadrachalam
Senior Process Engineer,
Conductor Etch
Leap Participant

"While the Leap technical courses and content are the primary focus, I found the "soft-skills" training to be especially helpful. Specifically, I have learned how to convey my idea in a group setting in a way that enables collaboration and a healthy discussion."

Mentorship Fosters Learning and Development

Lam seeks to accelerate employee development, broaden career opportunities, and expand professional networks for employees through our mentorship resources.

In 2019, we launched Mentoring@Lam, an online resource center for employees who are interested in establishing their own mentor-mentee relationships. This program offers individual employee materials, tools, and resources.



Geena Choi
Supervisor
Order Fulfillment Management
Gyeonggi-do, Korea

Geena was a participant in the mentoring program pilot with the Women in Global Operations employee resource group in 2019.

As a new manager, she signed up for the program to help her grow from her role as individual contributor to a people manager. Geena shared, "Despite 10 years of working experience, my manager role was a new world. I felt it was a time to change my way of thinking and doing things, but I didn't know where to start," she said. "I shared my concerns with my mentor, who guided me on what to focus on to become a good leader. It saved a lot of 'trial and error,' helping me come up to speed more quickly, and gain trust from my team."



Angela Hecke
Manager, Engineering
Villach, Austria

"The mentoring program provides advice on how to overcome obstacles that are new for me, from a person who has faced similar situations throughout her career. The learning curve is much faster than if I needed to figure out every solution on my own."

Rewarding Our Employees

Our employees are at the heart of the company's success, and we strive to support their personal success. Our Total Rewards package, time-off policies, and wellness programs are designed to ensure our employees are well-compensated, have time off to rest, and can access wellness benefits and tools to be healthy.

Total Rewards



Our Total Rewards program considers the employee as a whole person and incorporates a comprehensive compensation and benefits package aimed at supporting employees' financial, physical, and mental well-being. We conduct an annual review of salaries and benefits packages using third-party benchmarking surveys to ensure that our offerings are aligned with the marketplace and remain attractive to top talent.

In addition to competitive salaries, we offer bonus incentives based on both individual and company performance. In 2019, 99% of our eligible employees received bonuses. Additionally, we offer a competitive 401(k) benefit with a 3% annual company match; 94% of our employees participated in 2019. We also offer stock awards to senior and other selected employees. In 2019, 77% of our employees chose to invest in Lam through our employee stock purchase plan (ESPP). Employees who work 20 hours or more per week may contribute up to 15% of their earnings to the ESPP (subject to statutory limits) and are eligible to purchase shares at a discount of at least 15%.



Supporting Critical Family Time

The opportunity for individuals and growing families to connect with each other is an important part of supporting our employees as whole people. Paid short-term disability and family bonding time are offered to Lam U.S. employees to take the time to care for self and family.

Employee Wellness

The health and well-being of our employees is critical to Lam's ongoing success. The global Live Well program is designed to support the physical and mental health of employees at work, at home, and in the community. The program is focused on four areas: Eat, Move, Be Mindful, and Learn. In 2019, nearly 4,000 employees participated in 119 different Live Well programs or events, a 213% increase from 2018.

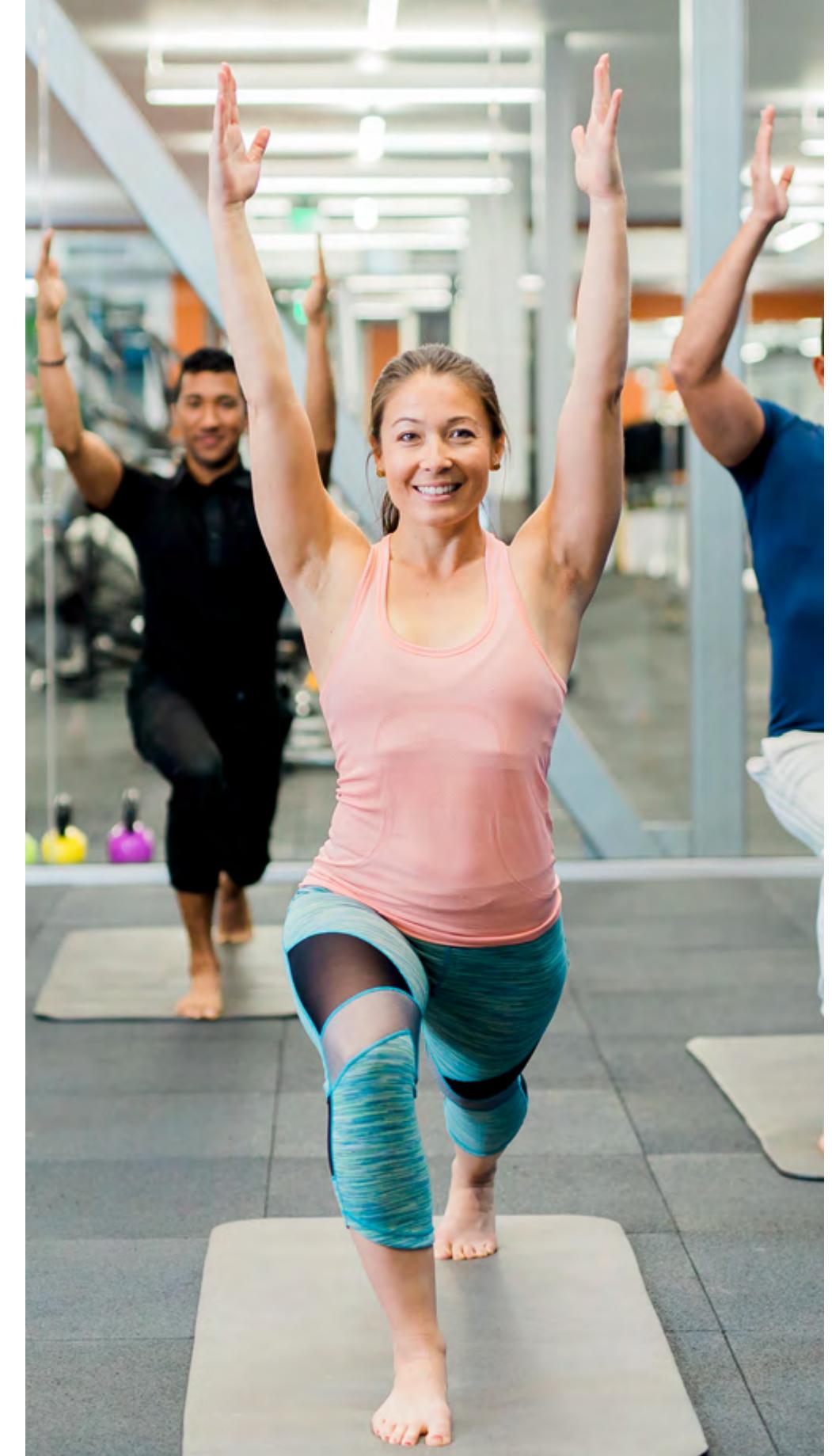
We are expanding a variety of programs across our worldwide locations, many customized to the needs of employees in specific locations. Available activities include both online and in-person education, health and genetic screening, wellness fairs, seminars, personalized nutrition plans, and fitness programs. In 2019, our wellness education focused on three major areas: health, financial well-being, and stress management.

Live Well



Stepping Up for Wellness

More than 650 employees participated in our annual Global Steps Challenge in 2019, which sets daily activity goals designed to motivate individuals and create an environment of friendly competition that helps employees achieve their fitness goals.



Championing Employee Health and Safety

At Lam, the safety of our employees is critical, and we integrate safety considerations across our business, from product design to customer services. We believe that by prioritizing safety throughout our business, Lam is better able to accelerate innovation, enhance customer trust, and enable our customers to shape the future.

Our Environmental Health and Safety (EHS) policy seeks to provide a safe, injury-free workplace throughout our operations, including our offices, manufacturing sites, R&D centers, and customer sites where our field teams work.

We believe that workplace injuries are preventable and recognize the role that behavior and training plays in preventing injuries. Accordingly, Lam continues to invest in education, awareness, monitoring, and prevention programs to ensure that our employees stay safe every day. Each year, we deliver thousands of hours of web-based and instructor-led training to help employees recognize and control safety hazards. We provide our key safety programs and training in multiple languages. People managers in field support, manufacturing, R&D, warehouse, and logistics operations undergo formal safety leadership training to enhance their skills in safety management and communication.



One key component of our injury prevention program is our layered approach to risk identification and reduction. Each year, site and regional EHS teams conduct safety risk assessments of their local operations. Our Risk Management by Walking Around (RMBWA) process continues to

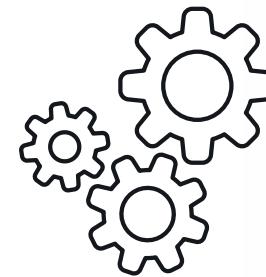
identify and track safety issues and implement corrective actions in our offices and manufacturing sites. In 2019, we conducted more than 200,000 RMBWA inspections. Our Rapid Field Risk Assessment (RFRA) process helps field teams manage risks at customer sites. Our Safety Awareness for Everyone (SAFE) program keeps employees informed of emerging safety issues and shares lessons learned from past incidents.

We maintain multi-site certifications for ISO 45001, the globally recognized standard for occupational health and safety management systems. We continually monitor our safety performance at the enterprise, regional, and site levels. Our corporate EHS team uses our global incident tracking system to assess and monitor safety trends and reports out as a part of quarterly reviews to business units and executive leadership. Third-party recognition also provides us with invaluable insights into our safety programs and performance, especially at our customer sites.

Globally, Lam ended 2019 with a recordable injury rate of 0.33, less than half the 2018 industry average of 0.7. Our lost workday rate was 0.07, well below the industry average of 0.3. Our most common causes of injury, representing almost 70% of our injuries, continue to be strains and sprains, ergonomics, and slips, trips, and falls.

Recordable Injury Rate (Lam vs. Industry)





Responsible Supply Chain

Committed to a Responsible Supply Chain

We understand the importance of an ethical and responsible supply chain and are committed to partnering with our suppliers to address critical issues. We hold our suppliers to the same Core Values to which we hold ourselves and have created clear expectations via our Global Supply Chain Code of Conduct and contracts. Sourcing the specialized components needed for our process equipment and services requires our supply chain to have a global presence and a global approach. We are committed to complying with all applicable laws and regulations and request our direct material suppliers to conduct their business in this manner as well. We work closely with our suppliers to address a wide range of issues, including human rights, supplier diversity, environmental impact, and mineral sourcing.

Our management approach includes surveys, verifications and certifications, employee training and communications, compliance auditing and inspections, and corrective actions when warranted. Our Global Supply Chain Management Operations has a dedicated contracts and compliance manager who leads a cross-functional team to maintain supply chain compliance and ethical practices.

2019 Key Accomplishments

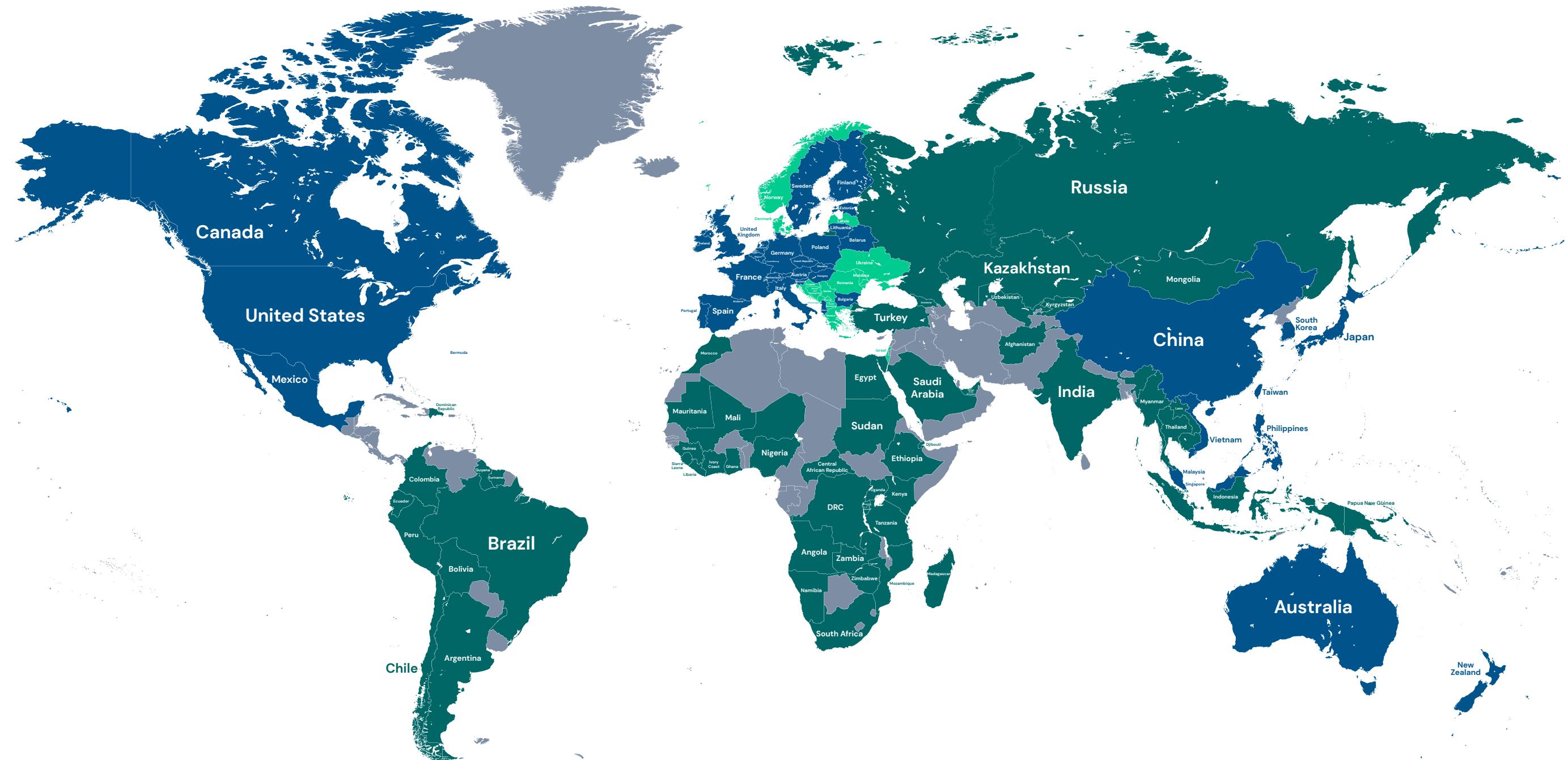
- Enhanced our human trafficking due diligence process by focusing on highest risk countries where our suppliers are located
- Completed an 18-month long customer partnership pilot program for the prevention and elimination of forced and bonded labor of foreign migrant workers in our supply chain
- Developed a new supplier survey to include CSR-related questions



We actively engage with our suppliers to manage risk and promote an ethical and responsible supply chain. We work with suppliers from across the globe. These suppliers assist Lam in complying with our due diligence and reporting requirements under Section 1502 of the Dodd Frank Act of 2010. In 2019, we had relationships with suppliers in over 50 countries depicted in the map.

We have 96 possible locations of origin for Tungsten, Tantalum, Tin, and Gold (3TG).

- Locations with suppliers
 - Possible locations of origin for 3TGs
 - Locations with suppliers and possible locations of origin for 3TGs



Protecting Human Rights

Lam is a strong proponent of supply chain industry standards, including the guidelines published by the Institute for Supply Management (ISM) and the Responsible Business Alliance (RBA). We hold our supply chain accountable to Lam's Global Supplier Code of Conduct, which incorporates by reference and requires suppliers' adherence to both the RBA Code of Conduct and ISM Guiding Principles. As of June 2019, acknowledgment and consent to adhere to our supplier code of conduct is a mandatory requirement of our new supplier onboarding process.

We annually train our supply chain management employees on how to carry out inspections and recognize potential signs of human rights abuses. We measure our progress using third-party scoring entities such as the Corporate Human Rights Benchmark and KnowtheChain.

Responsible Business Alliance

In 2019, Lam joined as an affiliate member of the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to corporate responsibility in global supply chains. Our RBA scores at site levels range from 87% to 90%. Accordingly, the RBA determined Lam to be at low risk. As part of our membership, we also participate in two multi-industry RBA initiatives:

- **Responsible Labor Initiative** – An initiative focused on ensuring the human rights of workers vulnerable to forced labor in global supply chains
- **Responsible Mineral Initiative** – A respected resource for addressing issues related to the sourcing of minerals in supply chains

Lam respects human rights and commits to adhering to humane business practices wherever the company does business. We are committed to complying with laws such as the UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010. Our Global Supplier Code of Conduct is intended to promote safe working conditions and treatment of workers with respect and dignity in our supply chain. We support the workers' right to freedom of association and collective bargaining, which we aim to protect in our Global Employment Practices statement. These policies are distributed or communicated via email, published through our intranet, and made publicly available on our external website. Suppliers are contractually obligated to comply.

In 2019, we evolved our approach to focus on high risk countries where our suppliers are located. To implement this approach, we surveyed our top 100 supplier families located in countries which the International Labor Organization identified as high risk for human trafficking. We also enhanced our human trafficking due diligence by adopting the Social Responsibility Alliance's Slavery and Trafficking Risk Template (STRT). As a result of these efforts, we now have greater visibility into our supply chain operations and can better prioritize our due diligence and risk mitigation actions.

Lam is committed to treating every worker with dignity and addressing forced labor and human trafficking risks wherever possible. Our anti-slavery, child labor, and human trafficking due diligence includes compliance with the Countering America's Adversaries Through Sanctions Act (CAATSA), which focuses on the prevention of North Korean forced labor.

In 2019, Lam also began monitoring reported political, legal, and financial risks for our top 100 suppliers (representing over 90% of our direct spend) and our top 100 suppliers with operations in high risk regions for human trafficking.

Sourcing Minerals Responsibly

Lam's goal is to use only responsibly sourced minerals in our products. Lam does not directly purchase conflict minerals or have any direct relationship with the mines or smelters that process them. We conduct due diligence of our suppliers with this goal in mind. Since 2012, we have worked closely with our suppliers to determine the sources of any conflict minerals that may be contained in our products. In 2019, we also updated our conflict minerals due diligence program to include responsible sourcing of cobalt.

Addressing Forced and Bonded Labor by Foreign Migrant Workers

In 2019, Lam completed an 18-month long pilot customer partnership program to raise awareness in our supply chain and understand how to support our suppliers in the prevention and elimination of forced and bonded labor of foreign migrant workers. The pilot program included certain major direct material suppliers and involved:

- Encouraging and guiding pilot program participants to update their company policies for more comprehensive policies prohibiting forced labor/bonded labor in any form
- Communicating expectations related to preventing forced and bonded labor to all agents and subagents in the home and destination countries
- Mapping the entire journey of existing foreign migrant workers from their home country or province to their facility
- Assessing the journeys of their foreign migrant workers, identifying risk points and any controls in place
- Creating a corrective action plan, ensuring identified risks were addressed and that foreign migrant workers were repaid any fees associated with employment by the end of the 2019 calendar year



Protecting Our Environment

Lam's commitment to environmental sustainability extends to our supply chain. Our Global Supplier Code of Conduct includes requirements for environmentally responsible manufacturing processes. In 2019, we created (and will release in 2020) a Lam supplier survey focused on GHG emissions, CDP (formerly Carbon Disclosure Project) scores, and environmental sustainability goals, with further questions relating to ISO 14001 certification and RBA membership.

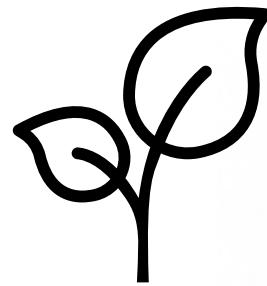
In 2019, we also initiated an internal global supply chain project to reduce the use of natural resources in our operations by moving to an all-digital purchase order system. This will save:

- More than 120,000 sheets of paper annually
- Approximately 380,000 gallons of water that would have been used in creation of the paper

Supporting Supplier Diversity

Lam values a diverse and inclusive supply chain and is committed to selecting diverse suppliers who offer goods and services that meet our company's standards, supplier selection criteria, and customer requirements. Promoting a diverse supplier base is a priority for Lam, and we support a number of industry and customer initiatives around Supplier Diversity. We are a member of the SEMI™ Manufacturing Ownership Diversity Task Force that promotes and shares best practices for manufacturing ownership diversity (more commonly known as "supplier diversity"). We track and report diverse spends with direct material suppliers on a quarterly basis; and in 2019 we added diversity metrics to our supplier scorecard.





Sustainable Operations

Committed to Operating Sustainably

At Lam, we believe that integrating environmental considerations into our business will better enable us to shape a more sustainable future. As the world tackles climate change and other critical environmental issues, we seek to do our part by responsibly managing our impact. Our environmental programs help us deliver better products to our customers and increase the efficiency of our operations. Our global goals on energy efficiency, greenhouse gas emissions reductions, water conservation, and waste reduction support our business and our commitment to the environment. We innovate on our environmental approach to ensure we are implementing cost-effective best practices and focusing our efforts where we can have the biggest long-term impact.

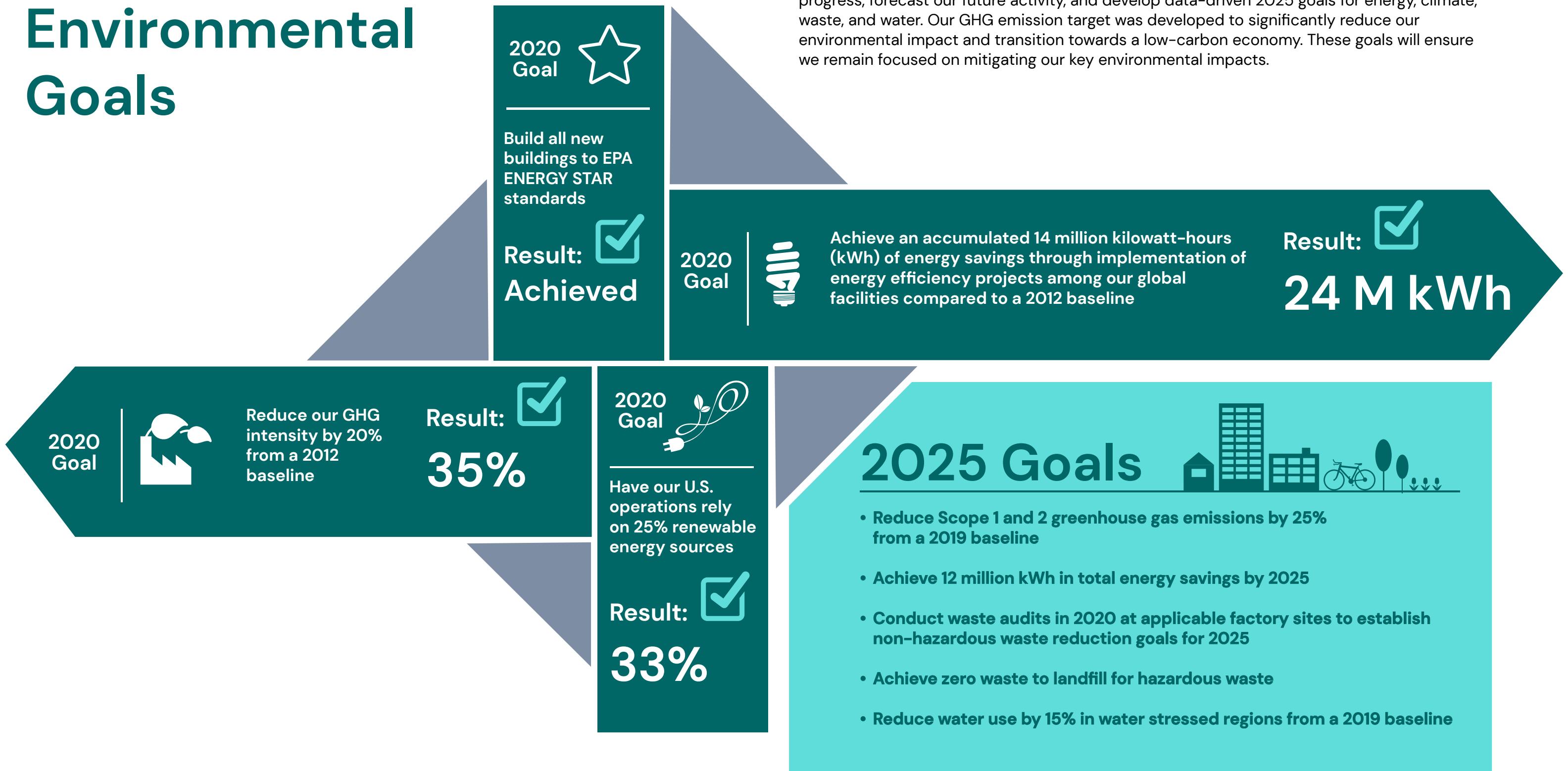
Lam owns and operates offices, manufacturing, and R&D sites around the world. Since 2013, all Lam manufacturing sites have been externally certified to be compliant with ISO 14001, the recognized global standard for environmental management systems. Our local EHS teams conduct annual environmental assessments at each of our manufacturing sites, and our corporate EHS team conducts regular audits of business risks, standards conformance, regulatory compliance, and management system effectiveness across Lam's locations worldwide. Our management reviews the findings of these assessments and audits, and ensures major deficiencies are adequately addressed. In 2019, we had no regulatory notices of violations, lawsuits, or investigations arising from environmental matters.

2019 Key Accomplishments

- Reduced our GHG intensity by 35% from a 2012 baseline
- Achieved over 2 million kWh in energy savings
- Offset 72% of our measured scope 3 emissions



2020 and 2025 Environmental Goals



Energy and Climate

Climate change is one of the most substantial issues of our time, and Lam recognizes our responsibility to act. Our R&D and manufacturing activities are our largest contributors to energy use and climate change. Therefore, our management approach directly addresses energy use and greenhouse gas (GHG) emissions. We do this by:

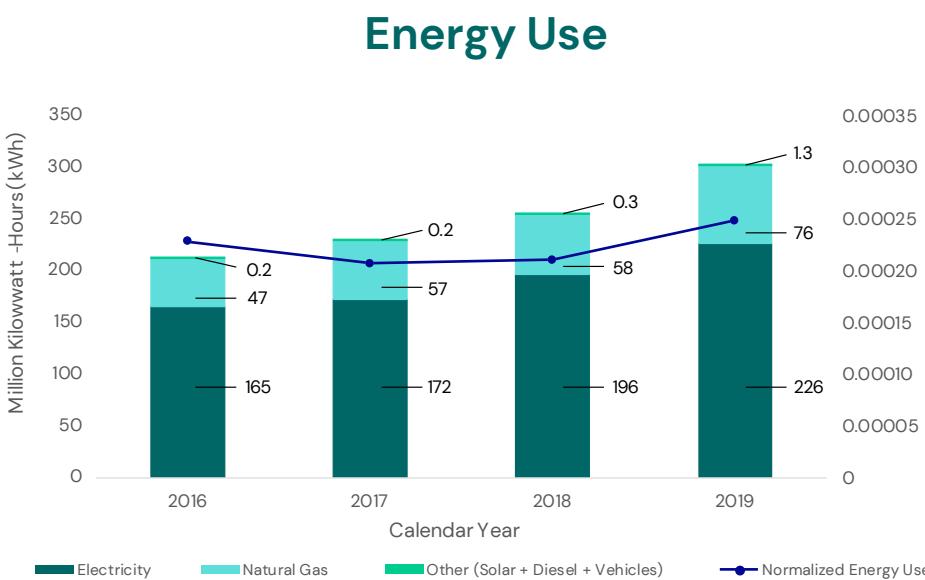
- Improving and optimizing the energy efficiency of our operations as the most direct and practical way of reducing our energy use and GHG emissions
- Implementing grid scale energy solutions with a bias towards renewables and investing in on-site renewables where feasible
- Applying point-of-use (POU) abatement to mitigate effects of process gas usage
- Purchasing offsets to address portions of our scope 3 emissions
- Engaging employees to encourage energy conservation
- Setting goals, benchmarking ourselves against the industry, and applying best practice approaches across our sites

In 2015, in support of the American Business Act on Climate Pledge, we set 2020 energy and climate goals, which we met in 2019. We also recognize there is more work to be done and developed new energy and climate goals to continue making progress.

Energy Use

In 2019, our total energy use from our primary manufacturing and office locations was nearly 303 million kWh, an increase of over 19% from 2018. This increase was primarily due to increased R&D activities at our Fremont, California campus, increased manufacturing at our Eaton, Ohio site, and the opening of a new manufacturing site in Springfield, Ohio.

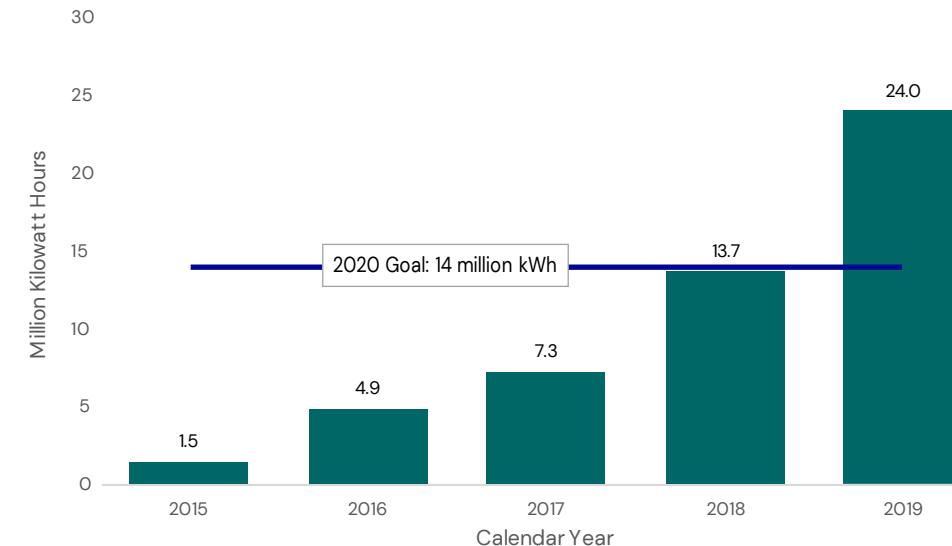
A portion of our energy use increase in 2019 came from the installation of a new nitrogen plant at our Tualatin, Oregon manufacturing site. Prior to installation of the new plant, we purchased and received more than 500 truckloads of nitrogen gas each year; we now receive fewer than 25 truckloads. While the new nitrogen plant slightly increases Tualatin's overall energy consumption, we estimate it will reduce the total amount of energy needed to produce and deliver nitrogen by 60% – saving 11,000 gallons of fuel and 7 million kWh of energy each year.



Energy Efficiency

Energy use is a primary driver of our GHG emissions and a key focus for reducing our environmental and climate impact. Improving the energy efficiency of our operations by optimizing existing systems and implementing new efficiency and conservation projects ensures that we minimize our energy use where possible, while still delivering on our production commitments to customers. In 2015, Lam pledged to achieve an accumulated 14 million kWh of energy savings

Accumulated Energy Savings



through implementation of energy efficiency projects by 2020. Since then, we have achieved over 24 million kWh in accumulated savings, exceeding our 2020 goal by 71%.

A few of our 2019 energy efficiency projects included:

- Process Cooling Water System: We consolidated and optimized two process cooling water systems at our Osan, Korea manufacturing site, with estimated annual energy consumption reductions of nearly 81,000 kWh.
- Compressor Replacement: We consolidated two air compressor systems at our Livermore, California, manufacturing site, reducing energy consumption by 637,000 kWh in 2019.
- Vacuum Pump Replacement: In Tualatin, Oregon, we partnered with the Energy Trust of Oregon to complete a major vacuum pump replacement project, avoiding 1.1 million kWh per year of additional energy use.



Earth Day at Lam

We work hard to promote a culture of environmental stewardship. In April 2019, Lam celebrated Earth Day across our global locations in a variety of ways, from volunteering and employee Earth Day Fairs to electronics recycling. Employees in our Asia region were hard at work at Earth Day events in Taiwan, India, and Korea.



Energy Efficient Facilities

In 2015, in support of the American Business Act on Climate Pledge, Lam pledged to build all new buildings to EPA ENERGY STAR standards, which we achieved. We built one new building since 2015, and it met the ENERGY STAR standards. Additionally, another 13 retrofitted buildings incorporate some ENERGY STAR standards, including our new Springfield, Ohio site.

This facility features:

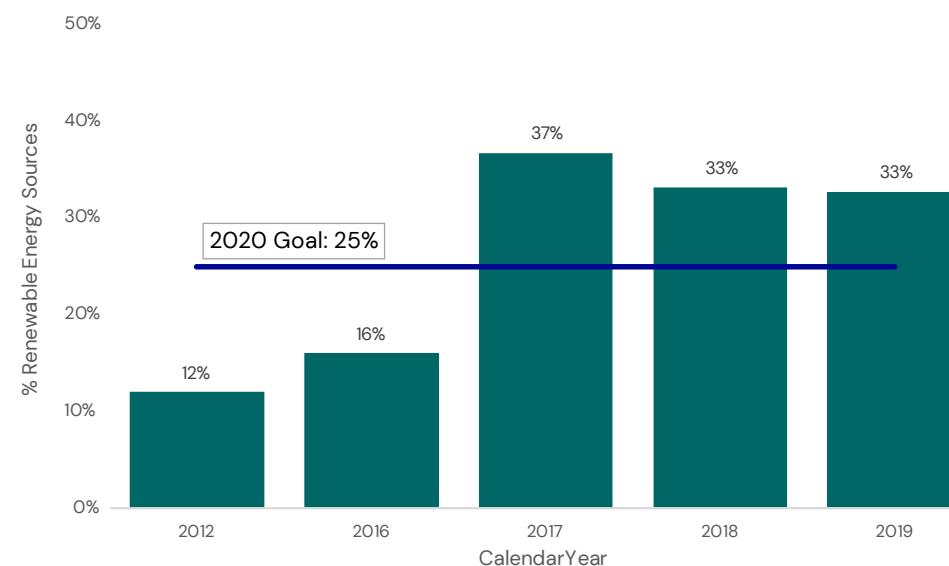
- A water processing system designed to fine-tune usage to only what is needed
- Insulation to manage heat efficiency
- Variable frequency drives that increase energy efficiency
- Interior and exterior LED lighting



Renewable Energy

Increasing our use of renewable energy sources is another strategy in our environmental management approach. In 2015, we pledged to have our U.S. operations rely on at least 25% renewable energy sources by 2020. At the end of 2019, renewable energy made up 33% of our US energy use, and 35% of our global use.

Energy From Renewable Sources in U.S.



Greenhouse Gas Emissions

Lam is committed to doing our part to mitigate climate change by managing our greenhouse gas emissions. We closely track our emissions, set goals, and report progress annually to the CDP. We actively address our carbon footprint through energy management

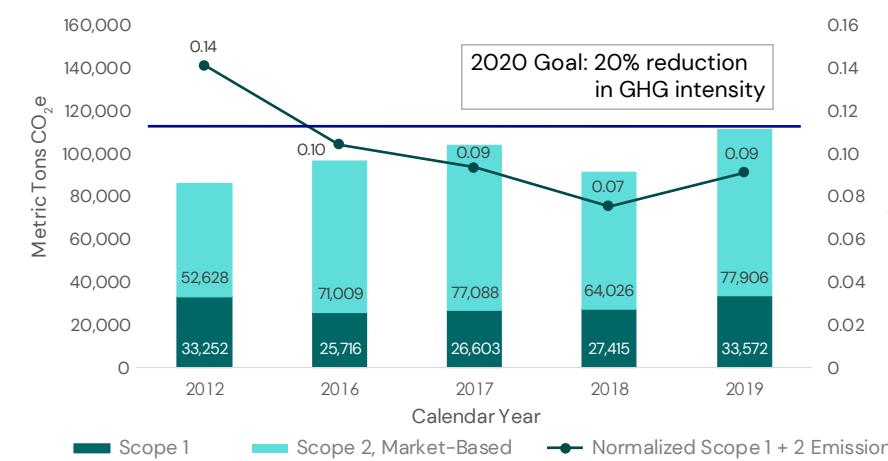
Scope 1 + 2 + 3 Greenhouse Gas Emissions



and procurement strategies, greenhouse gas abatement, and carbon offsets. In 2019, our scope 1 and 2 absolute emissions increased by 22% while our scope 3 emissions decreased by 20%.

In 2015, we pledged to reduce our scope 1 and 2 emissions by 20%, using an intensity metric of tons of carbon dioxide equivalent (MTCO₂e) per \$1,000 of R&D spend. In 2019, our combined scope 1 and 2 intensity was 35% below our 2012 baseline. Globally, our operations produced almost 111,500 MTCO₂e of scope 1 and 2 emissions (absolute), an increase of 22% over 2018, due to expanded operations at our Ohio sites and increased R&D activity.

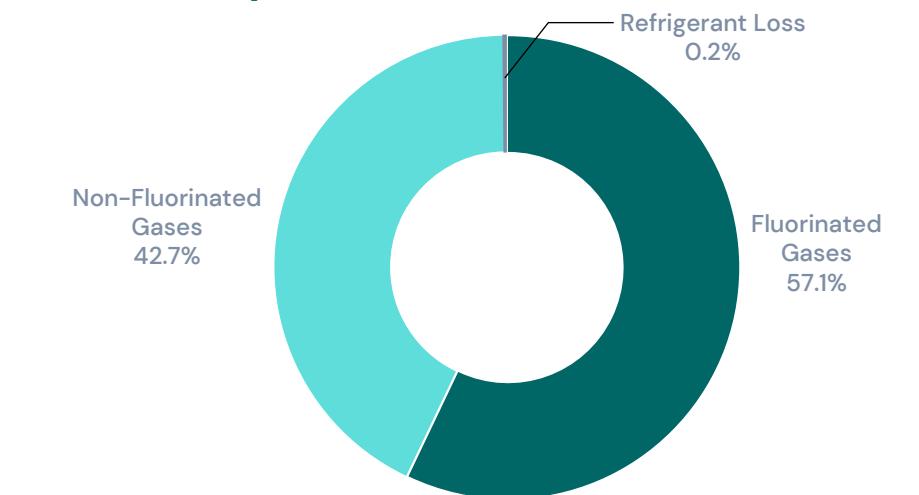
Scope 1 + 2 Greenhouse Gas Emissions



Scope 1 Emissions

In 2019, our overall scope 1 emissions were over 33,000 MTCO₂e, which was 22% above 2018. This was mainly due to increased customer demonstrations and R&D activities at our Fremont, California site, and the start of operations at our new site in Ohio.

2019 Scope 1 Greenhouse Gas Emissions



We minimize our scope 1 emissions through optimization of our semiconductor processes and the installation of point-of-use (POU) and house abatement units.



CDP Reporting

We disclose our climate change, carbon, water, and waste risks and opportunities through CDP, a non-profit organization that assesses corporate climate impacts on behalf of the investor community. In 2019, Lam again received a B grade on the Climate Change Survey and B- on the Water Survey. These scores are comparable or higher than the North America regional average and the electrical and electronic equipment sector average.

Scope 2 Emissions

In 2019, our scope 2 market-based emissions were nearly 78,000 MTCO₂e, which was 22% above 2018. Investing in energy efficiency is our top strategy for addressing our energy use and scope 2 emission related issues.

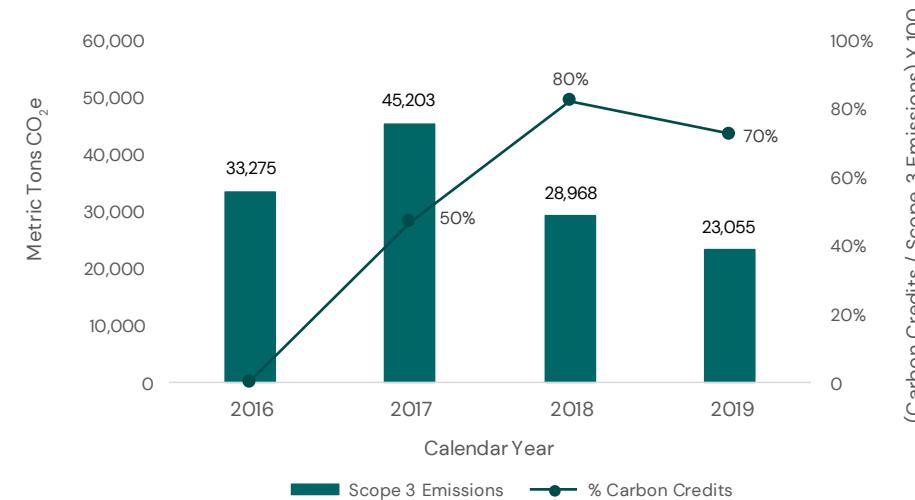
For additional details on our energy management approach, see page 38.

Scope 3 Emissions

In 2019, our scope 3 emissions were 23,000 MTCO₂e, a 20% decrease over 2018. Employee air travel and rental cars comprise the majority of our measured scope 3 emissions. The travel data we collect currently represent approximately 80% of total travel for the company. In 2019, we offset approximately 16,600 MTCO₂e via carbon credits, representing 72% of our measured scope 3 emissions. The carbon credits we purchased funded the following sustainability projects:

- Tonk Biomass Project in Tonk, India:** This gold standard project generates clean energy from mustard crop residues. Since 2008, Kalpataru Power Transmission Limited and Atmosfair have cooperated in the Tonk Biomass Project. Their goal is to produce renewable energy at comparable prices to electricity from coal power plants. To reach this goal, they have continuously improved the efficiency of the power plant, as well as streamlined operations in the biomass storage and delivery system.
- Big Smile Wind Farm in Dempsey Ridge, Oklahoma.** This project delivers enough clean energy to power more than 46,000 U.S. homes.

Scope 3 Greenhouse Gas Emissions



Waste Management

Waste reduction, reuse, and recycling have long been a priority for Lam, and we carefully monitor and manage the hazardous and non-hazardous wastes generated by our operations.

Most of the waste we generate is a result of our manufacturing activities. Roughly 76% of our waste is non-hazardous. As accepted materials and recycling regulations change, we work with local partners to identify new recycling opportunities for hard-to-recycle items. The other 24% of our waste is considered hazardous, the management of which is strictly monitored and regulated.

Non-Hazardous Waste

In 2019, we generated over 6,500 metric tons of non-hazardous waste, a decrease of 6% from 2018, due primarily to decreased manufacturing activity. We achieved a 55% diversion rate globally.

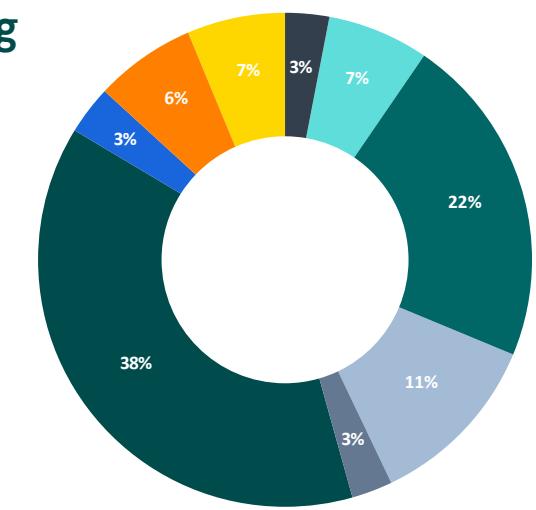
Non-Hazardous Waste Generation and Diversion



We continually look for opportunities to reduce the overall volume of waste we generate, re-use materials like paper and foam packaging, and recycle materials like wood, metal, batteries, and e-waste. We recycle or compost a variety of material, and the largest material categories by volume are wood and mixed recycling, including cardboard.

2019 Non-Hazardous Waste Recycling

- Paper
- Mixed Plastic and Packaging
- Mixed Recycling + Cardboard
- Production Waste
- Compost
- Wood
- Other Recycling
- Silicon Scrap
- Metal





Hazardous Waste

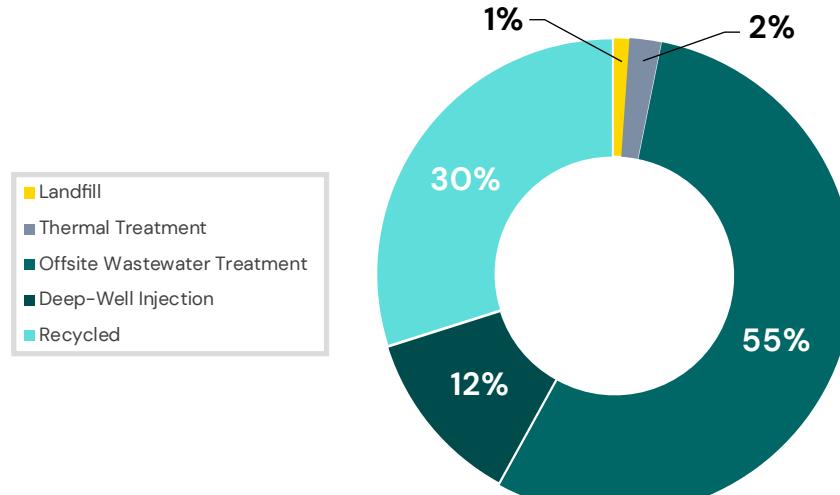
The main hazardous wastes we generate are corrosive wastes, flammable wastes, and lab debris from our manufacturing and R&D activities. We have strict controls in place to ensure responsible handling of these wastes and prioritize treatment and recycling.

Hazardous Waste Generation and Diversion



We generated over 2,100 metric tons of hazardous waste in 2019, an increase of 18% compared to 2018. This increase is primarily due to the mixed metal wastes from our wet R&D process and organic and inorganic materials in wastewater, which is sent to an off-site treatment facility.

Hazardous Waste Disposal



In 2019, we sent over 640 metric tons of hazardous wastes to recycling facilities, an increase of 27% from 2018. Common recycling methods are metal recovery and fuel blending. Only 1% of our total hazardous wastes was sent to landfill. The other hazardous wastes were disposed to either thermal treatment, deep-well injection, or off-site wastewater treatment.

Lam partners with CHWMEG, a non-profit trade association whose members strive to efficiently steward waste, to audit our major off-site hazardous waste treatment, storage, and disposal facilities (TSDF). Eight TSDFs were audited this year, including the TSDF in Villach, Austria, with no significant findings.

Chemical Management

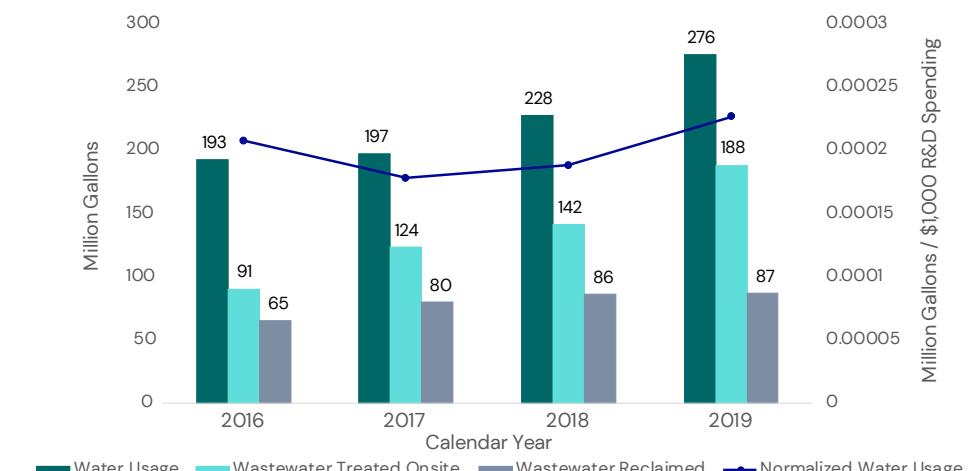
A significant environmental aspect of our operations is chemical management, and we take all appropriate measures to keep our chemical operations safe and legally compliant. In 2019, we launched an integrated chemical inventory management system, connecting real-time inventory to procurement, usage conditions, and regulatory reporting for our chemical users, handlers, and planners. With this system, we expect improved safety, greater usage efficiency, reduced waste generation, and simplified reporting across our manufacturing and R&D sites.

Water Management

Water Use

Lam recognizes that water stewardship is an important component of our overall environmental impact and that water scarcity is a pressing issue in many regions of the world. Our primary water use is for tool testing and manufacturing of silicon parts, general

Water Usage, Treatment, and Reclamation



facilities, industrial cooling, and domestic usage. Understanding the criticality of water, especially in our water-stressed regions such as California, South Korea, and India, we track and monitor our water use on a site-by-site basis. In 2019, our operations consumed 276 million gallons of water globally. This represents a 21% increase from 2018, primarily due to the start-up of new operations in Ohio.

Wastewater Management

We monitor our industrial wastewater in accordance with local regulatory requirements. Beyond wastewater, we also implement best management practices to manage our stormwater discharges. We work to be a good steward within our local communities and received one award recognizing our efforts in 2019.

- Our Tualatin, Oregon facility received the Industrial Partner Pretreatment Award from Clean Water Services for achieving zero pretreatment violations, a distinction we have received for the sixth year in a row.

Our Tualatin facility also reclaims treated process wastewater and uses it as feed water to the house scrubbers and point-of-use abatement units in the R&D labs. The reclaimed water helps to reduce our total global water withdrawals and the amount of municipal water needed to support our facility infrastructure.

In 2019, we reclaimed about 87 million gallons, which represents about 87% of the wastewater treated onsite in Tualatin and about 46% of the total wastewater treated at our global sites.





Our Communities

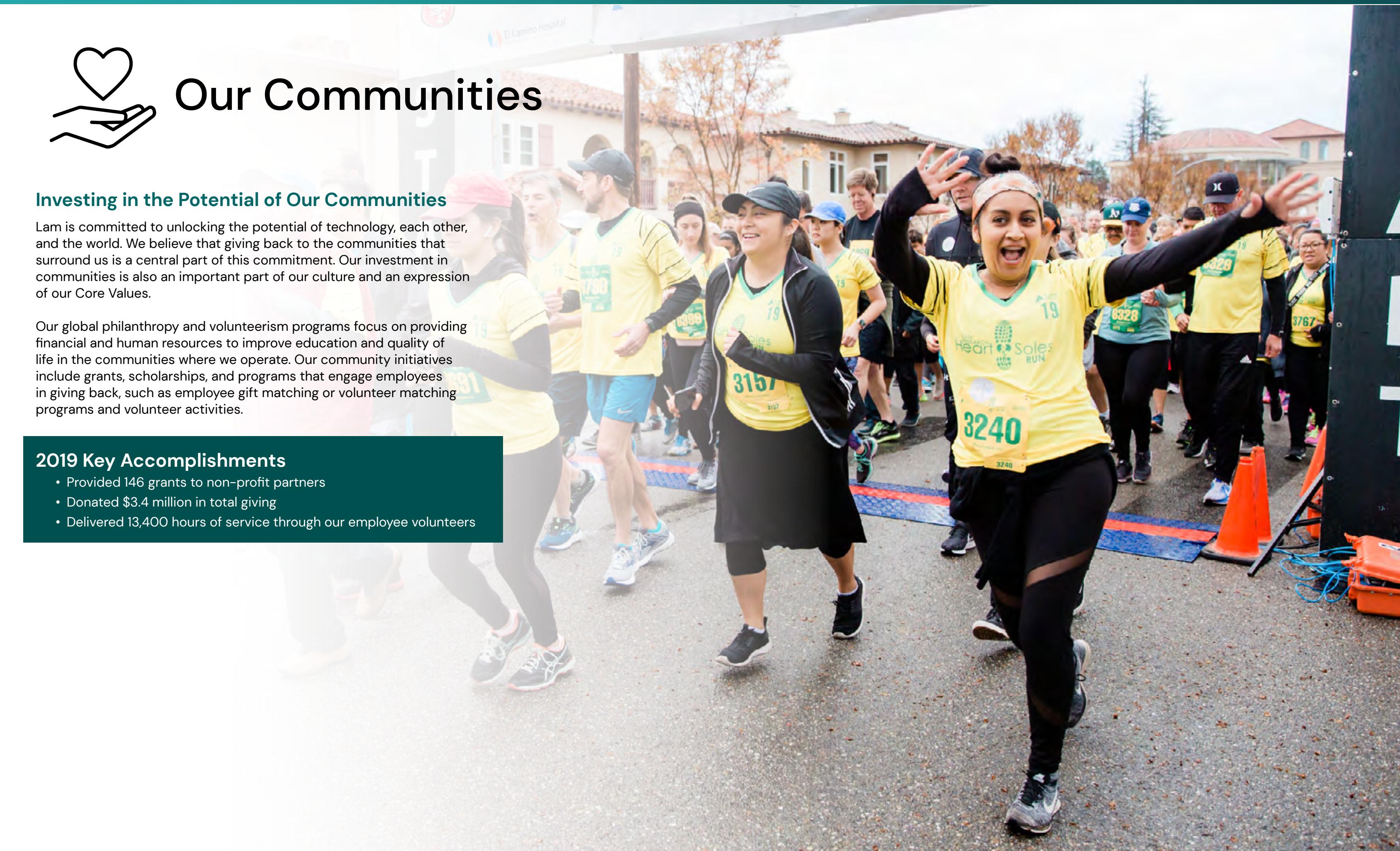
Investing in the Potential of Our Communities

Lam is committed to unlocking the potential of technology, each other, and the world. We believe that giving back to the communities that surround us is a central part of this commitment. Our investment in communities is also an important part of our culture and an expression of our Core Values.

Our global philanthropy and volunteerism programs focus on providing financial and human resources to improve education and quality of life in the communities where we operate. Our community initiatives include grants, scholarships, and programs that engage employees in giving back, such as employee gift matching or volunteer matching programs and volunteer activities.

2019 Key Accomplishments

- Provided 146 grants to non-profit partners
- Donated \$3.4 million in total giving
- Delivered 13,400 hours of service through our employee volunteers



The Lam Research Foundation

Since 2000, Lam has been committed to investing in communities with more than \$29 million in donations through our charitable giving foundation. Grants to non-profits are primarily distributed through the Lam Research Foundation and administered through partnerships with the Silicon Valley Community Foundation and the East Bay Community Foundation. In addition, our regional offices manage some international grants.

To maximize the positive long-term impact of our efforts, Lam Research Foundation focuses on two areas of giving: STEM education and quality of life.

STEM Education

As a leading technology company, we believe that advancing students' achievements in STEM education now will contribute to the economic development of our communities and the success of our industry in the future. Lam provides grants and volunteerism support to K-12 and university STEM-related initiatives. Our grant program focuses on academic achievement, gender gap challenges, secondary education preparedness, education quality enhancement, and workforce readiness in underserved communities. In 2019, we invested \$1.38 million in STEM education programs.

Our employees are avid volunteers in STEM education programs around the globe. We interact with students at our workplace and in the community, sharing our passion for STEM and inspiring youth to pursue careers in these areas.

Textbook and software donations are another avenue for Lam's education support. We donate core textbooks and design automation software to universities, increasing students' accessibility to required class materials and leading-edge learning environments.

Quality of Life

Lam is committed to creating positive impact in communities around the world by contributing to local, national, and international organizations that support community issues such as hunger, food and water security, disadvantaged children and senior citizens, health improvement, and environmental protection. In addition to grants for social service needs, Lam supports regional disaster relief efforts through matching foundation giving for response, recovery, and rebuilding. Our 2019 quality of life grants surpassed \$950,000.



Girls, Inc. Partnership

Lam expanded our relationship with Girls, Inc. from the regional to the U.S. national level in support of its mission to provide girls with skills and confidence needed to grow up healthy, educated, and independent. Our grant in 2019 supported Eureka!, a dynamic STEM program for 8th–12th grade girls. The experience includes an intensive summer program, as well as continuing education and skill-building during the school year.



Employee Commitment

Our employees demonstrate commitment to community through active participation in volunteer activities and philanthropic events. Lam's employee giving programs – gift matching, volunteer opportunities, donations for volunteer time, and employee-sponsored grants – seek to amplify our employees' impact as they contribute to the causes that employees care most about. Our employees increased their volunteer time this year by 18%, delivering 13,400 hours of service. Lam supported this activity in 2019 with a 20% increase in matching gifts totaling \$971,000.

Much of the year-over-year increase in 2019 community engagement and giving occurred in our international locations, aiding our impact on global communities. International volunteer time increased 109% and matching gifts from international employee donations increased 87%.



Employees Engage in the Future of Our Local Communities Across the Globe



Bengaluru, India: Our India campus hosted 30 young adults from the Shri Sharada Vidya Mandira School in early February to energize and motivate students for the board exams that are instrumental to college admissions. A tour of a nearby science museum and a visit to the Lam campus provided students with insights into careers in STEM.



Hsinchu and Kaohsiung, Taiwan: For two years, Lam has collaborated with the National Science and Technology Museum in Hsinchu and Kaohsiung, Taiwan to inspire children's imagination and cultivate their passion for coding. In June 2019, Lam kicked off this Hour of Code series with a robot-themed event that afforded elementary students the opportunity to assemble and write programs.



Sagamihara, Japan: Our Japan office hosted a group of more than 40 children from the Sagamihara Minami Children's Home at the Sagamiko Resort Pleasure Forest. Our employees spent time with the children to develop relationships and provide a day of fun.



Seongnam, Korea: We partnered with ChildFund Korea to host the "Hello Coding Camp." Students from Seongnam City's Children Center gained hands-on experience with technology and other professional jobs at the Korea JobWorld and participated in a coding training program.



Shanghai, China: Employees from Lam Shanghai Office worked with Angel's Confidant Salon, an organization supporting children with ASD (Autism Spectrum Disorder). In addition to donating stationery and books, employees volunteered for the A-Coffee program, a non-profit cafeteria managed by Angel's Confidant Salon, that provides children with ASD an opportunity to improve communication and social skills through interaction.



Silicon Valley, California: More than 400 employees in our Fremont and Livermore locations participated in the sixth annual Lam Research Heart & Soles Run. In collaboration with the Silicon Valley Leadership Group Foundation, the event supports programs that teach children good health and fitness habits, aiding their success in school.



Singapore: Lam employees and their families participated in the Children's Society "Walk for Our Children" event, raising funds to help support 10 centers that provide critical services to children in need.



Tualatin, Oregon: Tualatin employees hosted hundreds of students from neighboring high schools for Manufacturing Day, a U.S. national industry event. Employees provided tours to students and shared insights and advice on career opportunities.



Villach, Austria: Our Villach office organized a friendly charity floorball game to raise funds for the Special Olympics.

Inspire. Together Grant Program

The Inspire. Together grant program allows our employees to identify needs in their local communities and helps Lam fulfill our mission globally. Any employee can nominate a non-profit organization that inspires them and submit a grant application for that organization. In 2019, 54 non-profit organizations received a total of \$270,000 thanks to the insights and caring of our employees. Two such organizations include:

CityTeam in San Jose, California, received a \$5,000 grant for its Learning and Career Center, which provides education, computer skills, job preparation and placement, housing support, and legal advocacy. This non-profit was nominated by Emilie Marino, technical program manager, who said, "This organization is important to me because it serves the people who truly need help in my community—the impoverished, hungry, and homeless. CityTeam not only helps people recover from hard times but also enables them to eventually support themselves. The lasting impact that CityTeam has on the people they help is what resonates with me the most."

Wilsonville High School in Tualatin, Oregon, was nominated by Marshall Stowell, senior director, Engineering. The high school received a \$5,000 grant for its robotics program which helps to generate interest in STEM studies and careers. The grant enabled a complete development of a computer aided manufacturing curriculum by funding equipment and prototyping materials. Marshall's commitment is clear: "I have been a Wilsonville Robotics mentor for 15 years. It is great to be involved in things that involve students in STEM; demonstrably increasing science/engineering motivated students and professionals."



Scholarships

Core Values Scholarship

Lam recognizes the tremendous achievements of extraordinary graduating high school seniors through our Core Values Scholarship program. Our Core Values scholarship recipients maintain impressive academic records, exhibit leadership and community involvement, and consistently demonstrate Lam's Core Values. In 2019, Lam distributed \$105,000 to students in Oregon and California. Now in its 16th year, the scholarship program has awarded more than \$1.1 million to 129 students.

Global Scholarships

Lam also provides scholarships around the globe to promote education and career interests of talented youth who otherwise would not have the economic resources to pursue higher education. For example, through the Sankalp Scholarship Fund and Vidya Poshak Nurture Merit Program, Lam India employees work in partnership with former beneficiaries and non-profit partners to achieve this objective. Around the world, our scholarship program has supported more than 100 students.

Scholarships for economically disadvantaged students can be life-changing for them and their families. The need for support often goes beyond college tuition to include necessary living costs while students are attaining a degree. Lam is proud to support these students and help ensure that their potential is determined by their abilities and drive, not by their economic circumstances. "I used the scholarship for college admission and exam fees, for purchasing books and a bus ticket," says Tejaswini, a 2019 Sankalp scholarship winner.



Core Value Scholar: Maryam Karimi

Lam Core Values: Achievement, Teamwork

Standout Accomplishment: As an advocate for human rights, women's rights, and children's rights, she founded a non-profit organization called Educate a Child for Change (ECCO) to support impoverished children in Afghanistan. "I value teamwork because it creates an atmosphere for innovation and productivity for the common good."



Performance Summary

Performance Area	2019	YOY Change	2018	2017
Business and Governance				
Number of full-time employees (Approximate)	10,750	-2%	10,950	10,200
Revenue ¹	\$9.7B	-13%	\$11.1B	\$8.0B
R&D spend (as percentage of operating expenses) ¹	\$1.2B (63%)	2%	\$1.2B (61%)	\$1.0B (61%)
Product and Customer				
Total number of installed base chambers (Approximate)	~61,000	7%	~56,000	~50,000
Workplace				
Employee engagement score (tech sector benchmark 74)	74	n/a	-	-
Percent of employee population identifying as female (Global)	17.7%	<4%	17%	-
Percent of employee population identifying as female (U.S.)	20.4%	<5%	19.5%	-
Total number of training courses	3,042	63%	1,867 ²	1,534 ²
Education reimbursement for employees	\$1.68M	24%	\$1.36M ²	\$1.14M ²
Employee retention rate	91%	1%	92%	95%
Average years of service	8.0	10%	7.3	7.3 ²
OSHA recordable incident rate	0.33	14%	0.29	0.35
Risk Management by Walking Around (RMBWA) reviews	200,438	4%	191,822	132,320
Sustainable Operations				
Energy consumption (Million kWh)	303	19%	254	229
GHG emissions scope 1 and 2 market-based (MTCO ₂ e)	111,479	22%	91,441	103,691
GHG emissions scopes 1 and 2 location-based (MTCO ₂ e)	112,768	22%	92,552	104,871
GHG emissions scope 3 (MTCO ₂ e)	23,055	-20%	28,968	45,203
Hazardous waste diversion	30%	7%	28%	17%
Non-hazardous waste diversion	55%	-7%	59%	54%
Water usage (million gallons)	275	21%	228	197
Number of environmental fines	0	-	1	0
Community				
Total giving by the Lam Research Foundation	\$3.4M	-8%	\$3.7M	\$3.3M
Employee volunteer hours	13,400	18%	11,321	9,770
Employee matching gifts	\$971K	20%	\$811K	\$1.7M
Number of charity organizations supported	1,936	79%	1,154	1,400

1. All figures are for calendar year, with the exception of revenue and R&D spend which are presented on a fiscal year basis. 2017 is for the fiscal year ending June 25, 2017; 2018 is for the fiscal year ending June 24, 2018; 2019 is for the fiscal year ending June 30, 2019. M is defined as million and B is defined as billion.

2. These data points do not reflect our Silfex Ohio operations.

About This Report

Lam Research Corporation has published this corporate social responsibility (CSR) report to provide an overview of our company's products, services, and operations related to environmental, social, and economic performance. This report covers calendar year 2019, with some exceptions noted, including financial data that is Lam's fiscal year 2019 (June 25, 2018–June 30, 2019). The report encompasses substantially all wholly owned subsidiaries across the globe, although some data may be limited to particular geographies, which we note throughout the report.

We self-declare that this report is in accordance with the Global Reporting Initiative (GRI) Standard framework at the Core level. As required, a GRI Index at the end of this report shows our alignment with GRI reporting elements and our material topics. We intend to continue to report annually. Whenever possible, data also aligns with the Sustainability Accounting Standard Board (SASB) Standard for the Technology and Communications Sector: Semi-Conductor Industry.

We have noted any significant changes in scope and boundary throughout the report that may vary from our 2018 report, which was published in 2019. External assurance is limited to our financial data certified in our 2019 Annual Report on SEC Form 10-K. This CSR report has been reviewed by the Human Resources Compensation and Nominating and Governance committees of our Board of Directors and has been reviewed and approved by our president and CEO.

GRI Index

The Global Reporting Initiative (GRI) Context Index is a tool to help stakeholders better access Lam Research's environmental, social, and governance information. This report has been prepared in accordance with the GRI Standards: Core option. This GRI content index meets reporting requirements. Whenever possible, data also aligns with the Sustainability Accounting Standard Board (SASB) Standard for the Technology and Communications Sector: Semi-Conductor Industry. SASB disclosures are indicated along with the GRI disclosures.

GRI Standard Disclosure		Response, Page, or Link
Organizational Profile		
102-1	Name of the Organization	Lam Research Corporation
102-2	Activities, brands, products, and services	CSR Report: Business and Governance - p 5 For additional information: https://www.lamresearch.com/products/products-overview/
102-3	Location of headquarters	CSR Report: Business and Governance - p 8
102-4	Location of operations	Country locations: United States, China, Korea, Austria, India, Japan, Malaysia, Singapore, Taiwan, Belgium, France, Germany, Ireland, Israel, Italy, Switzerland, The Netherlands, United Kingdom.
102-5	Ownership and legal form	The company's stock is publicly traded on the Nasdaq under the symbol LRCX.
102-6	Markets served	Lam Research is a trusted, collaborative partner to the world's leading semiconductor companies.
102-7	Scale of the organization	CSR Report: Business and Governance - p 8 CSR Report: Our Workplace - p 22 Total number of employees: 10,749
102-8	Information on employees and other workers	CSR Report: Our Workplace - p 8, p 21 - 31
102-9	Supply chain	CSR Report: Responsible Supply Chain - p 32 - 35
102-10	Significant changes to the organization and its supply chain	In 2019, Silfex (a wholly owned subsidiary of Lam) opened a new manufacturing facility in Springfield, Ohio.
102-12	External initiatives	CSR Report: Business and Governance - p 11
102-13	Membership of associations	CSR Report: Business and Governance - p 12 CHWMEG , East Bay Foundation, Responsible Business Alliance, SEMI Manufacturing Ownership Diversity Task Force, and Silicon Valley Community Foundation, SEMI, Semiconductor Association, National Association of Manufacturers, Silicon Valley Leadership Group, Innovation Tri-Valley Leadership Group, Tualatin Chamber of Commerce
Strategy		
102-14	Statement from senior decision-maker	CSR Report: CEO Letter - p 3
102-15	Key impacts, risks, and opportunities	CSR Report: Business and Governance - p 5
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	CSR Report: Business and Governance - p 7
102-17	Mechanisms for advice and concerns about ethics	CSR Report: Business and Governance - p 13
Governance		
102-18	Governance structure	Proxy Statement 2019: Governance Matters - p 9 - 15

102-19	Delegating authority	CSR Report: Business and Governance - p 5
102-20	Executive-level responsibility for economic, environmental, and social topics	Vice President of Corporate Communications and Investor Relations
102-21	Consulting stakeholders on economic, environmental, and social topics	CSR Report: Business and Governance - p 12
102-22	Composition of the highest governance body and its committees	Proxy Statement 2019: Governance Matters - p 9 - 15
102-23	Chair of the highest governance body	Chairman of the Board
102-24	Nominating and selecting the highest governance body	Proxy Statement 2019: Governance Matters - p 9 - 15
102-25	Conflicts of interest	Proxy Statement 2019: Governance Matters - p 13
102-26	Role of highest governance body in setting purpose, values, and strategy	Under the Board's oversight, our executive management sets the Company's purpose, values and strategy.
102-27	Collective knowledge of highest governance body	Proxy Statement 2019: Governance Matters - p 9 - 15
102-28	Evaluating the highest governance body's performance	Proxy Statement 2019: Governance Matters - p 14
102-29	Identifying and managing economic, environmental, and social impacts	CSR Report: Business and Governance - p 11
102-30	Effectiveness of risk management processes	10-K 2019: Risk Factors - p 7 - 24
102-31	Review of economic, environmental, and social topics	CSR Report: Business and Governance - p 11
102-32	Highest governance body's role in sustainability reporting	CSR Report: Business and Governance - p 9
102-33	Communicating critical concerns	Critical concerns are elevated to the Board or committees under the Board by the executive management team.
102-35	Remuneration policies	Proxy Statement 2019: Compensation Matters - p 23 - 46
102-36	Process for determining remuneration	Proxy Statement 2019: Compensation Matters - p 23 - 46
102-37	Stakeholders' involvement in remuneration	Proxy Statement 2019: Compensation Matters - p 23 - 46
102-38	Annual total compensation ratio	Proxy Statement 2019: Compensation Matters - p 23 - 46
102-39	Percentage increase in annual total compensation ratio	Proxy Statement 2019: Compensation Matters - p 23 - 46
Stakeholder engagement		
102-40	List of stakeholder groups	CSR Report: Business and Governance - p 12
102-41	Collective bargaining agreements	No collective bargaining agreements
102-42	Identifying and selecting stakeholders	CSR Report: Business and Governance - p 12
102-43	Approach to stakeholder engagement	CSR Report: Business and Governance - p 12
102-44	Key topics and concerns raised	CSR Report: Business and Governance - p 12
Reporting practice		
102-45	Entities included in the consolidated financial statements	10-K 2019: p 51
102-46	Defining report content and topic Boundaries	CSR Report: About this Report - p 49
102-47	List of material topics	CSR Report: Business and Governance - p 11

102-48	Restatements of information	<p>In 2006, Lam Research acquired Silfex Inc., the world's largest provider of high purity custom silicon components and assemblies. We first included Silfex data in our reporting scope in our 2018 CSR report. Per guidance in the GHG protocol, we recalculated our baselines for energy use and GHG emissions to include Silfex data in our 2019 CSR report. This resulted in a 31% increase in our overall scope 1 and 2 (market-based) emissions in 2012 from 65,387 MTCO₂e to 85,881 MTCO₂e. Along with a change in our 2012 renewable energy percentage from 15% to 12%. This also resulted in changes to some of our stated 2016 and 2017 data:</p> <ul style="list-style-type: none"> Scope 1 and 2 GHG emissions – from 73,082 MTCO₂e to 96,725 MTCO₂e in 2016 and from 78,370 MTCO₂e to 103,691 MTCO₂e in 2017 Water usage – from 161 million gallons (609,101 cubic meters) to 193 million gallons in 2016 and from 155 million gallons (586,870 cubic meters) to 197 million gallons in 2017. Hazardous Waste Generation – from 933 metric tons to 1,286 metric tons in 2016 and from 1,219 metric tons to 1,654 metric tons in 2017. Hazardous Waste Diversion – from 18% to 13% in 2016 and from 23% to 17% in 2018. Non-Hazardous Waste Generation – from 2,771 metric tons to 4,433 metric tons in 2016 and from 3,236 metric tons to 5,053 metric tons in 2017. Non-Hazardous Waste Diversion – from 61% to 47% in 2016 and from 70% to 54% in 2017. <p>Our 2018 Scope 3 data was revised from 34,565 to 28,968 MTCO₂e due to a change in how air mile data are classified.</p> <p>Our 2018 total water consumption data was revised from 191 million gallons (723,013 cubic meters) to 228 million gallons due to an updated methodology in data tracking.</p> <p>Our 2018 non-hazardous waste diversion rate was revised from 57% to 59% due to additional recycling data provided by an external vendor.</p> <p>Our renewable energy percentage in 2016 was revised from 17% to 16%. And our 2018 renewable energy percentage was revised from 16% to 37%, both due to changes in the availability of utility data.</p>
102-49	Changes in reporting	No changes in reporting.
102-50	Reporting period	January 1, 2019 – December 31, 2019
102-51	Date of most recent report	June 18, 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	csr@lamresearch.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	Yes. The GRI content index meets reporting requirements.
102-56	External assurance	No. External assurance is limited to our financial data certified in our 2019 Annual Report on Form 10-K.
103	Management Approach	
103-1	Explanation of the material topic and its boundary	CSR Report: Business and Governance – p 5 – 14 CSR Report: About this Report – p 49
103-2	The management approach and its components	CSR Report: Business and Governance – p 5 – 14 CSR Report: Products and Customers – p 15 CSR Report: Our Workplace – p 21 CSR Report: Responsible Supply Chain – p 32 CSR Report: Sustainable Operations – p 36 CSR Report: Our Communities – p 44 – 47

103-3	Evaluation of the management approach	CSR Report: Business and Governance - p 5 - 14
Topic Specific Standards		
201	Economic Performance	
201-1	Direct economic value generated and distributed	CSR Report: Business and Governance - p 7
201-2	Financial implications and other risks and opportunities due to climate change	CSR Report: Sustainable Operations - p 36 - 38
201-3	Defined benefit plan obligations and other retirement plans	10-K 2019 - p 87
203	Indirect Economic Impact	
203-2	Significant indirect economic impacts	CSR Report: Our Communities - p 44 - 47
205	Anti-Corruption	
205-2	Communication and training about anti-corruption policies and procedures	CSR Report: Business and Governance - p 13
206	Anti-Competitive Behavior	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices SASB: TC-SC-520a.1 – Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	No legal actions and \$0 losses as a result of anti-competitive behavior, anti-trust, and monopoly practices.
207	Tax	
207-4	Country-by-country reporting	United Kingdom: https://investor.lamresearch.com/static-files/0cf7213b-ce40-493a-b0f1-9e6ed46ada7f
302	Energy	
302-1	Energy consumption within the organization SASB: TC-SC-130a.1 – (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CSR Report: Sustainable Operations - p 36 - 40 In 2019, 99% of our global electricity use was grid energy.
302-3	Energy intensity	CSR Report: Sustainable Operations - p 36 - 38
302-4	Reduction of energy consumption	CSR Report: Sustainable Operations - p 36 - 39
302-5	Reduction in energy requirements of products and services	CSR Report: Products and Customers - p 18 - 19
303	Water and Effluents	
303-1	Interactions with water as a shared resource SASB: TC-SC-140a.1 – (1) Total water withdrawn	CSR Report: Sustainable Operations - p 42 - 43
303-2	Management of water discharge-related impacts	CSR Report: Sustainable Operations - p 42 - 43
303-3	Water withdrawal	CSR Report: Sustainable Operations - p 42 - 43
303-4	Water discharge	CSR Report: Sustainable Operations - p 42 - 43
303-5	Water consumption	CSR Report: Sustainable Operations - p 42 - 43
305	Emissions	

305-1	Direct (Scope 1) GHG emissions SASB: TC-SC-110a.1 – (1) Gross global Scope 1 emissions SASB: TC-SC-110a.2 – Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	CSR Report: Sustainable Operations – p 40 – 41
305-2	Energy indirect (Scope 2) GHG emissions	CSR Report: Sustainable Operations – p 40 – 41
305-3	Other indirect (Scope 3) GHG emissions	CSR Report: Sustainable Operations – p 40 – 41
305-4	GHG emissions intensity	CSR Report: Sustainable Operations – p 40 – 41
305-5	Reduction of GHG emissions	CSR Report: Sustainable Operations – p 40 – 41
306 – Effluents and Waste		
306-1	Water discharge by quality and destination	CSR Report: Sustainable Operations – p 42 – 43
306-2	Waste by type and disposal method SASB: TC-SC-150a.1: Amount of hazardous waste from manufacturing, percentage recycled	CSR Report: Sustainable Operations – p 41 – 42 Amount of hazardous waste from manufacturing: 2,100 metric tons % of hazardous waste from manufacturing recycled: 30%
306-3	Significant spills	No significant spills
306-5	Water bodies affected by water discharges and/or runoff	CSR Report: Sustainable Operations – p 42 – 43
307 Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	We had no notices of significant regulatory violations, lawsuits, or investigations arising from environmental matters.
308 Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Supplier environmental assessment created in 2019. To be deployed in 2020. Conflict Minerals Policy Statement Form SD
401 Employment		
401-1	New employee hires and employee turnover	CSR Report: Workplace – p 22
403 Occupational Health and Safety		
403-1	Occupational health and safety management system SASB: TC-SC-320a.1 – Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	CSR Report: Workplace – p 31
403-3	Occupational health services	CSR Report: Workplace – p 31
403-4	Worker participation, consultation, and communication on occupational health and safety	CSR Report: Workplace – p 31
403-5	Worker training on occupational health and safety	CSR Report: Workplace – p 31
403-6	Promotion of worker health	CSR Report: Workplace – p 31
403-9	Work-related injuries SASB: TC-SC-320a.2: Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	CSR Report: Workplace – p 31 \$0 in monetary losses as a result of legal proceedings associated with employee healthy and safety violations.
404 Training and Education		
404-1	Average hours of training per year per employee	Average hours of training per employee: 4.5 hours
404-2	Programs for upgrading employee skills and transition assistance programs	CSR Report: Workplace – p 28 – 29

405	Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees	CSR Report: Workplace - p 22, 24-25
407	Freedom of Association and Collective Bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	CSR Report: Responsible Supply Chain - p 32-35 Lam is not aware of any operations or major direct material suppliers' rights in 2019, in which freedom of association and collective bargaining.
408	Child Labor	
408-1	Operations and suppliers at significant risk for incidents of child labor	CSR Report: Responsible Supply Chain - p 32-35 No operations and suppliers at significant risk for incidents of child labor in 2019. Conflict Minerals Policy Statement Form SD California Transparency in Supply Chain Act of 2010 Compliance Statement
409	Forced or Compulsory Labor	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	CSR Report: Responsible Supply Chain - p 32-35 No operations and suppliers at significant risk for incidents of child labor in 2019. Conflict Minerals Policy Statement Form SD California Transparency in Supply Chain Act of 2010 Compliance Statement
411	Rights of Indigenous Peoples	
411-1	Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous peoples.
412	Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	CSR Report: Responsible Supply Chain - p 32-35 Slavery and Trafficking Risk Template implemented in 2019.
412-2	Employee training on human rights policies or procedures	CSR Report: Responsible Supply Chain - p 32-35
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	CSR Report: Responsible Supply Chain - p 32-35 Human rights clauses are included in terms and conditions for all new suppliers contracts.
413	Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs	CSR Report: p 44 - 47
414	Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria	CSR Report: Responsible Supply Chain - p 31-34 Slavery and Trafficking Risk Template implemented in 2019. Conflict Minerals Policy Statement Form SD California Transparency in Supply Chain Act of 2010 Compliance Statement
415	Public Policy	
415-1	Political contributions	No financial and in-kind political contributions made directly and indirectly.
418	Customer Privacy	
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	CSR Report: Business and Governance - p 14 No substantiated complaints regarding concerning breaches of customer privacy and losses of customer data.

References

[Annual Reports](#)

[Code of Ethics](#)

[Community Relations](#)

[Corporate Social Responsibility](#)

[Lam Research](#)

[Lam Research Global EHS Sustainability Commitment Policy](#)

[Products](#)

[Supply Chain Policies](#)

CREDITS

Many employees supported the development of Lam's CSR program and this reporting effort. We would like to thank them for their ongoing contributions as we continue to integrate CSR into our corporate culture.

CONTACT INFORMATION

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