



2020 REPORT

Environmental, Social, and Governance



**A LETTER FROM OUR CEO**

Building the roadmap *to the future.*



When we started 2020, no one predicted that entire sectors of the global economy would come to a sudden halt. That international travel would become nearly impossible. That our workplaces would be transformed into a hybrid of socially distanced on-site activities and a remote work reality.

We witnessed amazing changes to our environment, from the remarkable boost in air quality in Los Angeles, to having a clear view of the Himalayas in India previously hidden by pollution for the past 30 years.

It was the year we watched the world unite with acts of compassion through homemade masks for healthcare workers, donations to food banks, and supplies to front line workers with meals and personal protective equipment (PPE). And amidst all of this, we also stood in solidarity against social injustice.

The global pandemic illuminated how we could transform our planet and intensify the best in humanity when we all work towards a common goal. We caught a glimpse of how a better world is possible.

At Lam, our employees are known for their dedication to caring for one another and our customers, and 2020 confirmed yet again that their resiliency does not waiver during a crisis.

Because of the incredible efforts of Lam's workforce, we maintained our operations, and those of our customers consistently through the most challenging of circumstances. We launched new products, introduced industry-disrupting solutions, achieved financial milestones, expanded our workforce, and answered the call from our communities in need.

More than ever, we have demonstrated that when the bar is raised, Lam delivers. And in that spirit, our goal is to operate 100% on renewable energy by 2030 and become carbon net zero by 2050. Developing our critical path to achieve these important milestones by year end is a top priority for us.

While the challenges of our time are daunting, Lam has spent 40 years diligently solving the unsolvable, proving it can be done. That is where you will find Lam, working to build a better world, and I could not be prouder.

Tim Archer
PRESIDENT & CHIEF EXECUTIVE OFFICER



**BUSINESS AND GOVERNANCE**

01

We display resilience *through the unknown*

As a global leader in wafer fabrication equipment manufacturing and services for the semiconductor industry, we drive semiconductor breakthroughs that define the next generation.





This year, the COVID-19 pandemic created global disruptions across all aspects of everyday life. Like the rest of the world, we faced ever-changing circumstances and challenges. And we met them with resiliency, innovation, compassion, and an unwavering commitment to our environmental, social, and governance (ESG) priorities. We launched new products and industry-disrupting solutions, expanded and safeguarded our workforce, and delivered aid to our communities in need. From our management team and Board of Directors (Board) to our employees, our Core Values guided us all in the face of unexpected adversity.



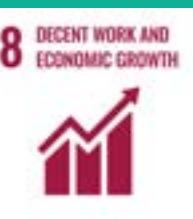
Reaching the Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) provide a blueprint for a more sustainable future for all. We recognize the responsibility that we, 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 the five SDGs that are most relevant to our business activities. These SDGs, which help to guide our short-term and long-term ESG strategies and plans, are:



Accomplishments

- Set goals across five ESG strategic pillars
- Developed two new ethics policies and strengthened global supplier code of conduct
- Expanded and strengthened our information security program



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 and how we do it.



Achievement



Agility



Honesty and integrity



Inclusion and diversity



Innovation and continuous improvement



Mutual trust and respect



Open communication



Ownership and accountability



Teamwork



2020 awards and recognition

- Forbes' World's Best Employers
- Barron's Most Sustainable Companies
- Human Rights Campaign Corporate Equality Index
- Fortune's World's Most Admired
- Newsweek's America's Most Responsible Companies
- Wall Street Journal's Management Top 250
- Investor Business Daily's Best ESG Companies
- MSCI World ESG Leaders Index
- STOXX Global ESG Leaders Index
- American Heart Association's Workplace Health Achievement – Silver Recognition
- San Francisco Business Times' Top Bay Area Corporate Philanthropists
- South Korean Ministry of Gender Equality and Family Family-Friendly Company
- South Korean Ministry of Employment and Labor's Excellence and Innovation in the Workplace





Stakeholder engagement

We approach engagement with our key stakeholders in a spirit of collaboration and trust and value the perspectives and insight they provide. We regularly engage through formal and informal channels and seek feedback on ESG issues to advise our ESG strategy and goals.



Community

Lam actively partners with non-profit organizations and community leaders to create positive impact in places where we operate.

Customers

Lam collaborates with customers to identify their emerging business needs. These needs guide Lam's product and service delivery objectives, research and development efforts, and manufacturing plans.

Employees

Lam solicits employee feedback through in-person and online employee forums, engagement sessions, all-employee meetings, pulse surveys, conversations with managers, and our HR Support and Employee Relations programs.

Industry Organizations

Lam is a member of multiple industry organizations, where we often collaborate with our peers on topics of mutual importance. We are active participants in several groups that discuss and develop best practices to support the sustainable growth of our industry.

Policymakers

Lam periodically interacts with policy makers and community leaders to discuss emerging trends in legislative, regulatory, and community matters.

Stockholders

Lam proactively seeks opportunities to engage with stockholders individually to understand their views on ESG topics. We meet with investors to gather input and exchange ideas via investor conferences, meetings, correspondence, and voting on proposals presented at our stockholder meetings.

Suppliers

Lam collaborates with suppliers to meet customer needs and create an ethical supply chain by developing social and environmental requirements and processes.



ESG leadership

The highest levels of our leadership are involved in our governance approach. While our Board is actively engaged in ESG oversight, the Nominating and Governance Committee has the primary responsibility for our ESG priorities. For workforce-related issues, the Compensation and Human Resources Committee holds responsibility. The Audit Committee is responsible for oversight on ethics and compliance and information security. Management provides regular updates to the Board and these committees and engages them to discuss ESG strategy, gain alignment on goals, and report on progress.

We formed a new Executive Steering Committee in 2020 to guide our ESG strategy, approve and support initiatives, and help keep us accountable. The CEO and members of the CEO staff participate on this committee which oversees the work driven by our cross-functional ESG Leadership Team. This includes proposing goals, developing and executing strategy, and embedding ESG into our operations management system. In addition, we have topic-specific working groups to tackle key issues. We're proud of the progress we've made thus far and are committed to further strengthening and accelerating our ESG program and initiatives.

Lam's ESG governance structure





ESG goals

Accountability drives progress. That's why we developed 17 goals across 5 of our 6 pillars. We aim to achieve the majority of these goals by 2025, with some exceptions.

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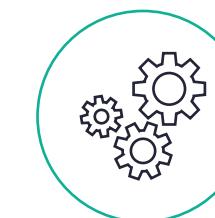
Governance

1. Continue to expand our disclosure and alignment with industry-recognized frameworks and standards



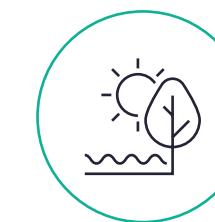
Workplace

2. Build on our high-performance culture with best-in-class employee engagement at the top 10% global benchmark as measured by our employee survey
3. Increase number of women and underrepresented employees across the company
4. Maintain a total recordable incident rate (TRIR) below 0.4



Responsible Supply Chain

5. Achieve more than 90% compliance rate with our social and environmental expectations across our top tier suppliers
6. Engage with at least 50% of our top tier suppliers on environmental sustainability opportunities
7. Increase engagement with all suppliers on social and environmental topics through assessment, training, and capacity building



Sustainable Operations

8. Achieve 100% renewable energy globally by 2030
9. Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions 25% from a 2019 baseline
10. Achieve net zero carbon emissions by 2050
11. Achieve 12 million kWh in total energy savings from a 2019 baseline
12. Achieve zero waste to landfill for hazardous waste
13. Achieve 17 million gallons of water savings (15%) in water-stressed regions from a 2019 baseline



Community

14. Determine key targets for larger scale impact aligned to a new strategic focus
15. Implement measurement of outcomes for key program and large-scale grants
16. Increase community program unique employee participation rate from 10% to 30%
17. Increase volunteer hours by 33%



ESG progress

As we gain greater knowledge of our impact, so should the world. We're committed to increasing transparency on ESG-related risks and performance over time and reporting on new information each year. We are increasing our alignment with the frameworks provided by the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Global Reporting Index (GRI), which we've utilized to shape both our 2025 goal setting and risk assessment. A full inventory of our disclosures is available in the appendix.

Task Force on Climate-related Financial Disclosures

In 2020, we engaged with a consulting firm to conduct an analysis of our TCFD practices. Results indicated strong alignment with the framework in our metrics, targets, and governance, and highlighted potential opportunities for improvement. In 2021, we intend to conduct a scenario analysis to further evaluate top risks and opportunities and integrate the relevant items into our enterprise risk management system.

TCFD Category	Aligned Practices at Lam
Metrics and Targets	2025 GHG reduction goal aligned with Science Based Targets Initiative (SBTi) methodology Scope 3 emissions inventory to understand impacts in the value chain
Risk Management	Multiple leading enterprise risk management practices Strong governance to manage and escalate risk to appropriate levels
Strategy	Leadership involvement and oversight on ESG strategy
Governance	Board-level ESG oversight Regular ESG reports to the Board and the Nominating and Governance Committee
Reporting	Consistent climate-related metrics reported to CDP and in annual ESG Report





Pandemic response

We took a holistic approach in response to the pandemic, safeguarding our employees and caring for our communities while ensuring continuity for our customers.

- Created a \$25 million COVID-19 Relief and Recovery Fund to support employees and communities
- Implemented strict procedures consistent with public health guidelines and best practices for the health and safety of on-site workers
- Enabled staff to remain productive while working remotely
- Regularly and consistently communicated with employees to ensure ongoing engagement and sense of community
- Transitioned training and development programs to enable remote learning
- Worked closely with customers to understand their needs, provide best-in-class service and support, and share and execute best practices for health and safety protocols
- Enhanced employee benefits to support telehealth services, remote work, and physical and mental well-being
- Implemented global continuity plans to ensure we met customer demand



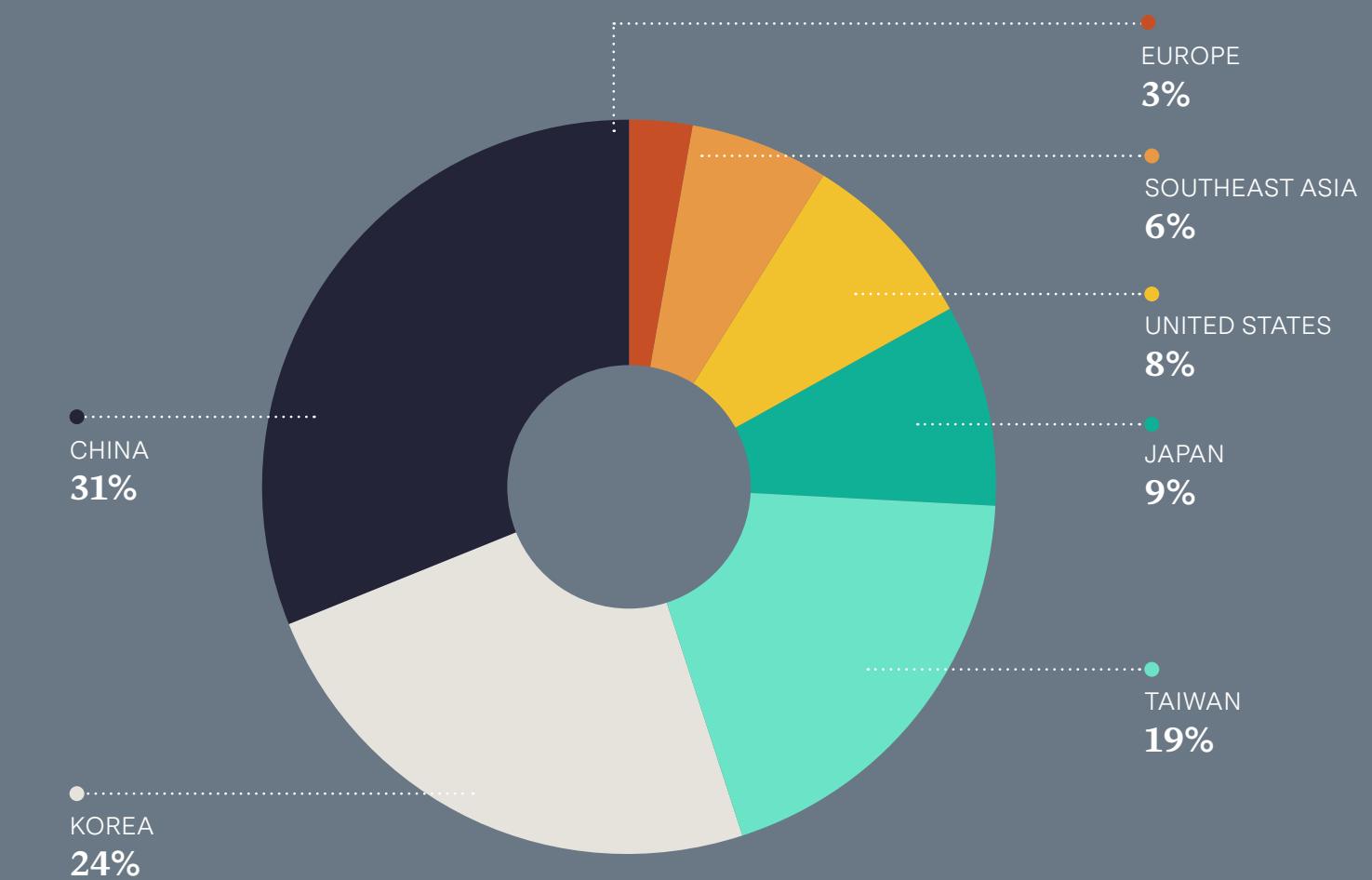


Fiscal performance

Despite the disruption of COVID-19, we delivered a solid financial performance in FY 2020. We generated over \$10 billion in revenue, representing a five-year compound annual growth rate of nearly 14% and net income per diluted share of \$15.10. This was nearly a 10% increase over fiscal year 2019. Lam's performance in 2020 demonstrates the resiliency of our business, driven by best-in-class products and services, high quality operational execution, and exceptional talent throughout our employee base. These financials are presented in conformity with U.S. Generally Accepted Accounting Principles. For more information about our financial performance, please visit our [investor page](#).

	FY 2018	FY 2019	FY 2020	% Change FY 20/FY19
(in thousands except per share data and percentages)				
Revenue	\$11,076,998	\$9,653,559	\$10,044,736	4.1%
Gross margin	\$5,165,032	\$4,358,459	\$4,608,693	5.7%
Gross margin as a percent of total revenue	46.6%	45.1%	45.9%	1.8%
Total operating expenses	\$1,951,733	\$1,893,727	\$1,934,891	2.2%
Research and development (R&D)	\$1,189,514	\$1,191,320	\$1,252,412	5.1%
R&D as a percent of operating expenses	60.9%	62.9%	64.7%	2.9%
Net Income	\$2,380,681	\$2,191,430	\$2,251,753	2.8%
Net income per diluted share	\$13.17	\$13.70	\$15.10	10.2%

Revenue by Region FY 2020

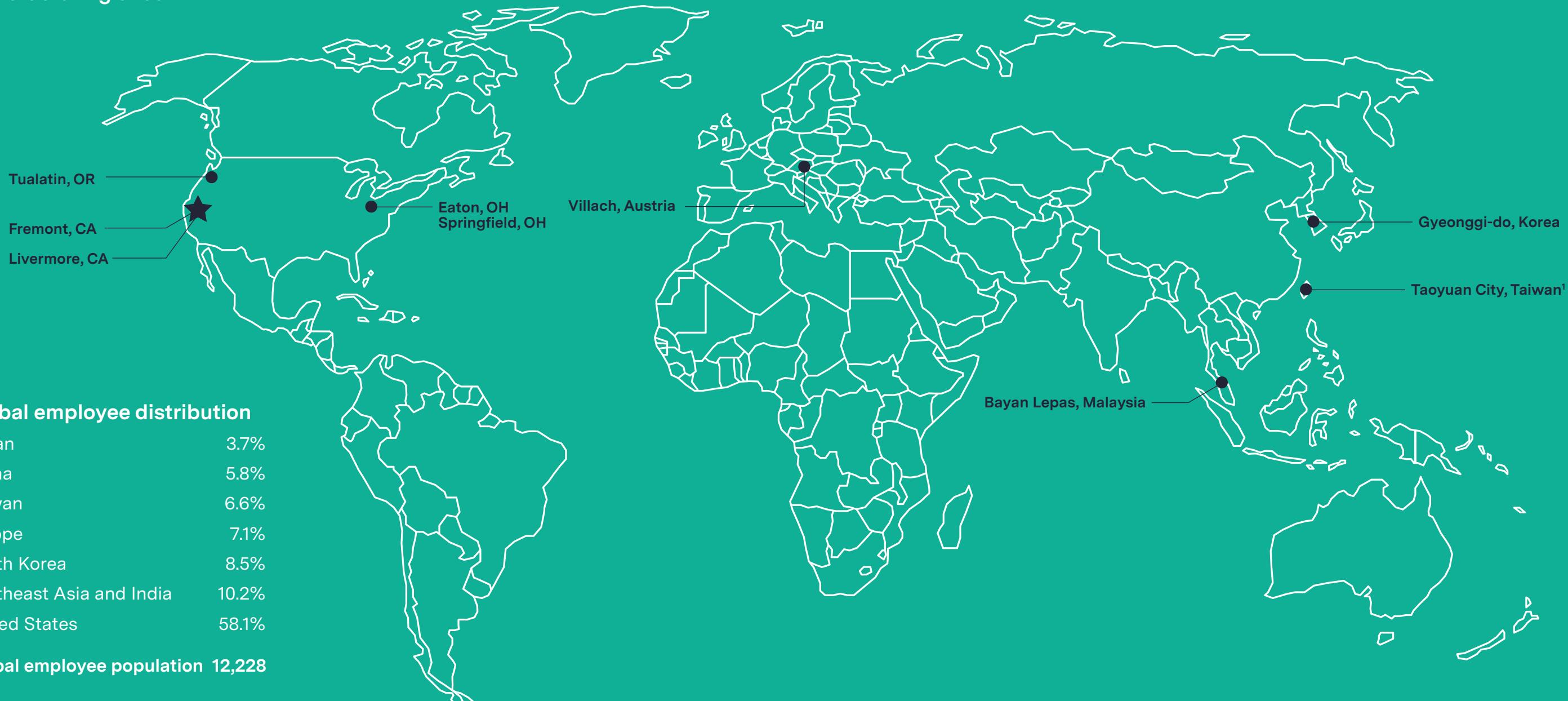




Key locations

★ **Corporate headquarters** Fremont, CA

● Manufacturing sites



¹. Joint venture company



Ethics and Compliance at Lam

In alignment with our Core Values, and in accordance with applicable laws and regulations in locations where we operate, we are proud to conduct business with the highest integrity. Our ethics and compliance policies apply to all employees, temporary workers, contractors, and consultants around the world.

Our Ethics and Compliance team conducts its activities subject to Board oversight. The program is managed by our chief compliance officer who reports to the chief legal officer with dotted line reporting to the Audit Committee Chair of the Board. Our program encompasses five major areas: risk management, policies and procedures, communications, training, and the Ethics Helpline. Details on these topics can be found in the Global Reporting Index (GRI) index.

“At Lam, we are building a world-class Ethics and Compliance program rooted in our Core Values. Honesty and Integrity, and Ownership and Accountability are the foundation of our Global Standards of Business Conduct and how we do business.”

• • •
• • • **Ava Hahn**
• • • Chief Legal Officer
• • •



Ethics and Compliance risk management

We consistently assess internal and external risks — refining our programs and adjusting our annual plan as needed to further support responsible governance and ethics within our business. And because our global presence includes regions with differing governmental structures, wide-ranging regulatory environments, and bribery and corruption challenges, enhancing our risk management program is a high priority.

In 2020, we strengthened our Global Supplier Code of Conduct to expand existing coverage of human rights, conflicts of interest, labor laws, health and safety, environment, and reporting concerns. In addition, we enhanced our Third-Party Compliance Questionnaire to further address and mitigate third-party risk to the company. We take a risk-based approach to third-party due diligence and conduct due diligence exercises on higher risk suppliers and customers. We expect all of our third parties to operate in a legal, ethical, and compliant manner and to abide by all applicable laws, rules, and regulations including those related to anti-bribery and corruption.



Policies and procedures

Global standards of business conduct

Our success has stemmed from a variety of factors, but the top two are customer trust and our employees' dedication to a values-driven culture. To reinforce this culture and to help our employees navigate a variety of circumstances, we created our Global Standards of Business Conduct (GSBC) policy. This is a written standard of appropriate business conduct, addressing various issues including: 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, prohibiting insider trading, and acceptable practices for public communications, donations, and political activities. It also addresses workplace conduct issues such as harassment, discrimination, and improper relationships.

Effective compliance policies ensure systematic, consistent methods and protocols across our global business units and play a fundamental role in driving compliance and best practices. To this end, we have additional policies and procedures to provide further guidance on specific ethics and compliance areas, including:

- Insider Trading
- Conflicts of Interest
- Conflicts of Interest Created by Relationships
- Anti-Harassment

As the world around us evolves, so does our Ethics and Compliance program. For example, we published a Global Gifts, Meals, Travel and Entertainment Policy and Procedure in 2020 and will release an Anti-Bribery and Corruption Policy in early 2021. This robust practice demonstrates our zero-tolerance stance towards bribery and corruption and our commitment to comply with global anti-corruption laws and regulations.



Training

To ensure widespread understanding of the topics covered by the GSBC, we require that all our employees take an annual online training course that reinforces their understanding of selected topics covered by the GSBC. We accomplished a 98% completion rate for this training in 2020. Our risk-based approach determines the topics that will be covered each year. In 2020, Ethics & Compliance developed and delivered additional focused training sessions for leadership teams and higher-risk employees.

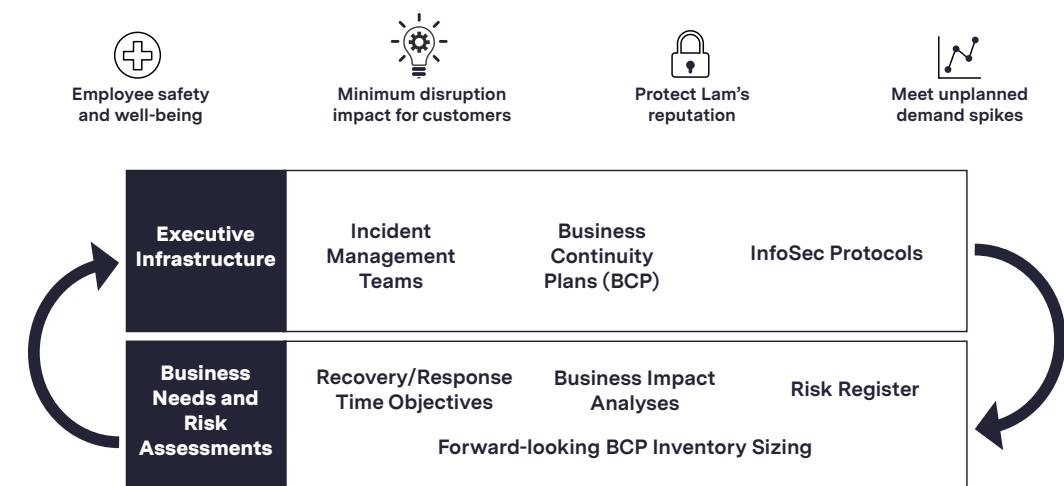
Government Affairs

We support our business strategy through regular, constructive engagement with government officials and policymakers and through participation in the political process. Leading these efforts is our Global Government Affairs (GGA) group, formalized and strengthened by the addition of our vice president of Global Government Affairs in 2020. Our lobbying and political activities are governed by our Global Standards of Business Conduct and Political Activity and Government Affairs Procedures. We work to engage the policy process in the areas of taxes, trade, export control policy, research and development, business operations, and other areas key to our business strategy. We remain active in various business and trade associations that align with our company imperatives, such as the National Association of Manufacturers, SEMI, and the Semiconductor Industry Association.



Business Resilience

We continually plan for the unexpected, preparing ways to mitigate the impact of any unexpected business interruption on our customers, employees, and suppliers. Rather than let the challenges posed by 2020 hold us back, we are leveraging the knowledge gained and applying it throughout our entire business, creating a strategic roadmap for increased business resilience. Our Business Resilience Team works with leaders across the enterprise to develop and implement best practices in risk assessment, policies, infrastructure, and protocols. Business continuity plans are in place to minimize disruption for our customers, keep our employees safe, and meet future challenges.



Global Taxation

Our approach to global taxation for all types of taxes is to consistently comply with legal, regulatory, and internal control requirements as well as support our business and commercial strategy. We are committed to adhere to all applicable global tax laws, filings, and reporting disclosures. We account for tax risks in accordance with the applicable accounting standards and have internal controls in place over our tax reporting processes. Our transfer pricing policies are aligned with the guidelines of the Organisation of Economic Co-operation and Development (OECD), as well as with all of the jurisdictions in which we operate. We apply the arm's length principle when conducting intercompany transactions. We have an established network of internal and external tax and finance professionals who are knowledgeable in various direct and indirect taxes and who monitor ongoing tax law and business changes, so that we may adapt processes and deliverables accordingly. This network, along with our framework regarding internal policies and controls, seeks to ensure the complete and accurate communication of tax positions and risks, through established governance and reporting processes to our Management and Board of Directors.



Information Security

Information security plays a significant role in safeguarding our valuable intellectual property (IP) along with the data of our customers, employees, and suppliers. Retaining trust and combating new emerging threats is critical, which is why our cybersecurity strategy actively evolves in real time. For example, as our remote workforce significantly expanded in 2020, we quickly adjusted our controls to support data protection.

We have multiple security measures in place for the critical information systems that we operate and for those hosted by third parties. Our global information security program is led by our chief information security officer (CISO), who reports on a regular basis to the Audit Committee and the full Board. In 2020, we strengthened our information security program by creating a new framework with three pillars:

- Security Engineering and Architecture focused on driving enhanced security in product and application development
- Governance, Risk and Compliance, and Identity Access Management focused on risk management, compliance, and identity governance for internal/external users and access control
- Security Operations Center responsible for detecting, analyzing, and responding to potential cybersecurity threats

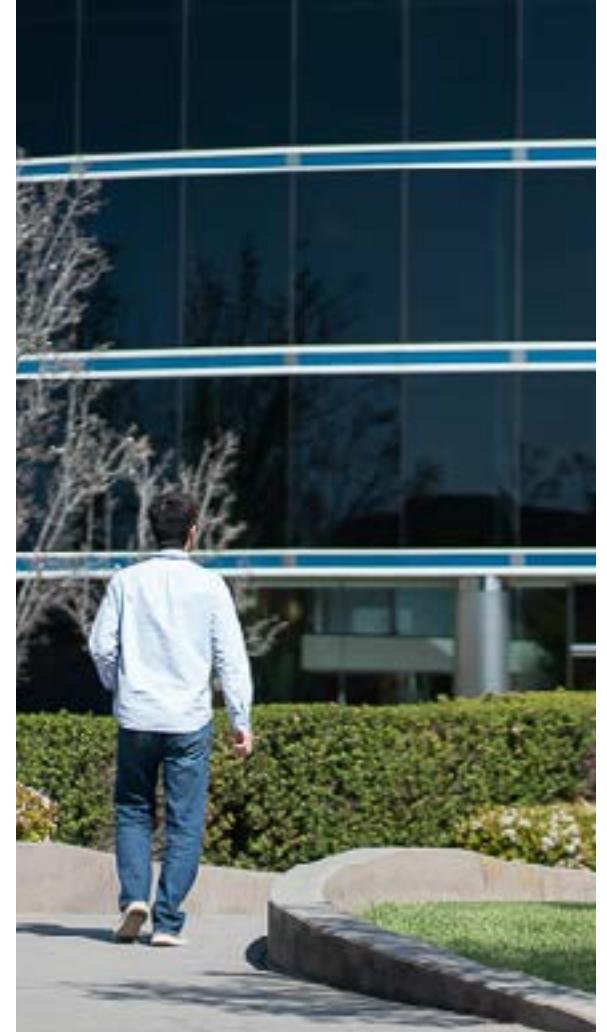


“Our Information Security program is centered around protecting our most important information, that of our customers.”

• : Jason Callahan,
• : Chief Information Security Officer

We hold International Standards Organization (ISO) 27001 certifications for information security for nine sites and have implemented various global ISO 27001 compliant information security policies and procedures, demonstrating our management system and programs align with global best practices. In addition, we selectively screen and audit suppliers for information security controls that protect our information as well as that of our suppliers.

To ensure that our employees understand their roles in preserving information security, we conduct annual training courses on various cybersecurity topics, including cybersecurity awareness, phishing defense, and social engineering defense. A random user population is tested periodically to determine which users are vulnerable to real attacks and reinforce security awareness training. In 2020, we did not experience any cyber incidents that resulted in a material adverse impact.

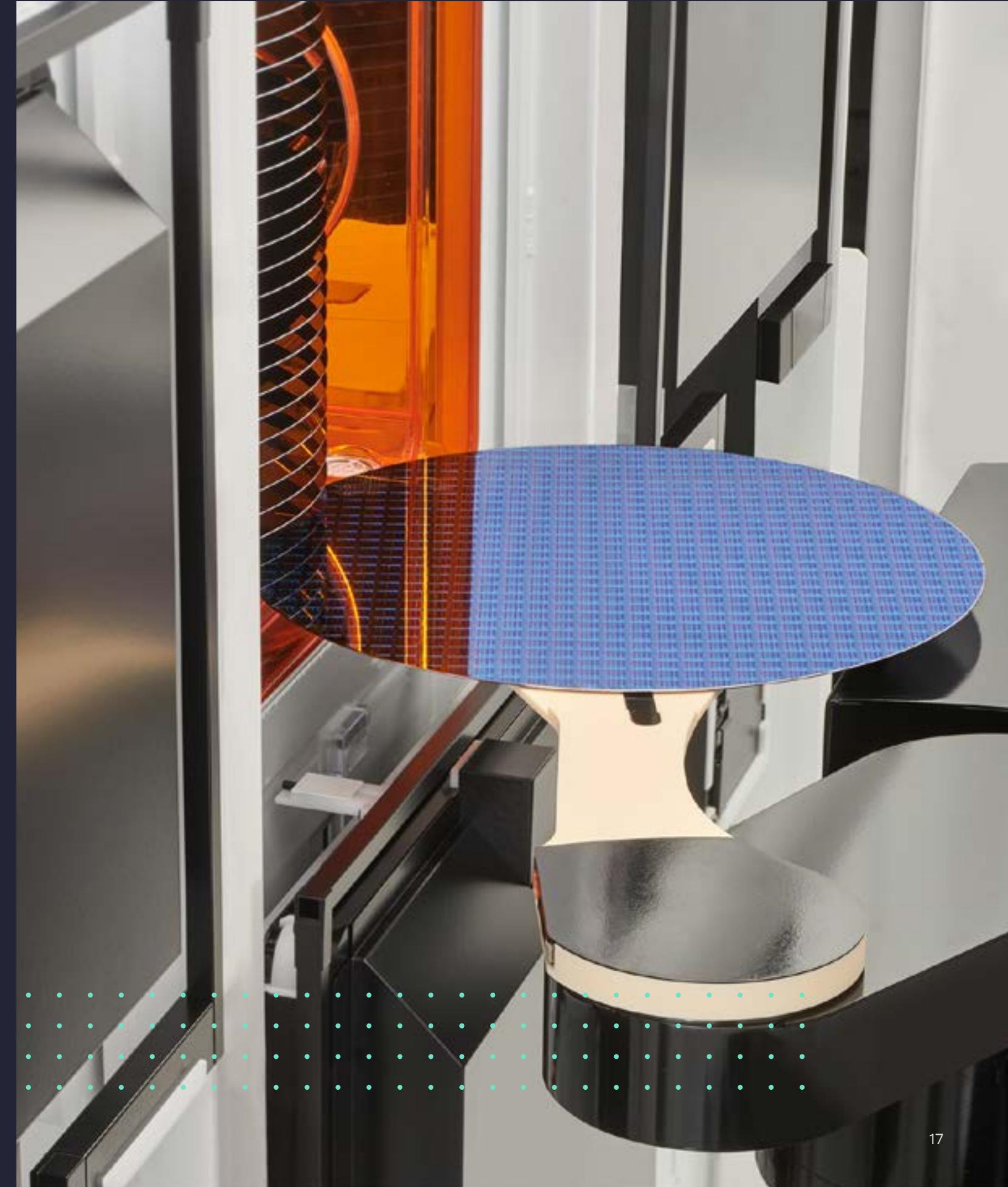


**PRODUCTS AND CUSTOMERS**

02

We meet every demand *with ingenuity*

We continue to challenge assumptions and defy conventions as the pace of technological advancement presses on. Our innovations drive breakthroughs that help our customers achieve what was once thought impossible.





In 2020, the demand for semiconductors rapidly increased as more people relied on technology for remote work, learning, entertainment, and medical services. And when our customers looked to us for help, we delivered — meeting our customers' requirements and launching cutting-edge products and technologies, all while keeping our employees safe and operating sustainably. We continued to push further and work smarter, with a singular focus that business success is inclusive of its impact on society and the planet. For us, that means environmental and social impacts inform our product design and R&D efforts. We take pride in our sustainable product features and services that extend the life of our products, increasing value for customers and lowering environmental impact.



Accomplishments

Launched three new products and technologies – Dry Resist, Sense.i™, and Striker FE®
Collaborated on innovation projects with 61 universities in 17 countries
Launched a Remote Product Training Center for customers



Our products



Deposition
Metal Films
Dielectric Films
Film Treatment



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



Strip & Clean
Dry Strip
Wet Clean



Advanced Equipment & Process Control
Mass Metrology
Integration Modeling Software



Customer Support
Service
Spares
Upgrades
Reliant Systems™



Our customers

Our global customer base includes leading semiconductor memory, logic, and specialty technology chipmakers. Together, we prove that devices with greater performance can be achieved. Making semiconductors 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.



Our innovative new offerings

Dry Resist

To address critical needs for next-generation device scaling, we, in collaboration with ASML and imec, introduced a groundbreaking dry photoresist technology that offers significant improvement in extreme ultraviolet (EUV) lithography resolution, productivity, and yield. This technology uses 5 to 10 times less chemistry and 2 times less energy to create the same result, delivering significant cost savings and a more sustainable solution for our customers.

The Dry Resist project is a collaborative effort across the deposition, etch, office of the chief technology officer (OCTO), and field organizations. The team is creating disruptive processes and exciting results, often coordinating experiments across continents to enable next-generation devices.

“We had to create an environment of mutual trust and open communication to overcome barriers to collaboration. Effective communication, teamwork, and creativity were important given the scope of the challenges in bringing a paradigm shift to an important step in semiconductor fabrication.”



Rich Wise

Vice President, Dry Resist Technology Development



Sense.i™

As the semiconductor industry continues to drive device performance and cost scaling, there is an ever-growing need for innovation in device process capability and extendibility. Our groundbreaking Sense.i™ product family delivers the high-performance etching technology required to support logic and memory device roadmaps well into the coming decade and beyond. New innovations in radio frequency (RF) power and controls technology not only improve performance but also increase efficiency and enable customers to reduce the RF power used by 10-20% for each wafer etched. With new design and advanced manufacturing approaches, we eliminated 15,000 pounds of aluminum raw material per Sense.i™ tool. This reduces the resources consumed in the initial production of the unnecessary aluminum plate and in the recycling stream of 1.5 million pounds per year. In addition, the vertical design structure of the tool results in less space per tool within a fab and overall, the potential for a smaller factory footprint generating significant value for our customers.

Striker® FE

Striker® FE, a first-of-its-kind atomic layer deposition technology, addresses the challenge of filling increasingly deep and narrow structures with high-quality materials. This innovation is the result of the team finding the right combination of chemistry, source technology, and process conditions.



How we work

We innovate

As an essential business within the technology industry, we enable the fourth industrial revolution — Industry 4.0. Therefore, it is vital that we continuously innovate and connect technologies – artificial intelligence, smart manufacturing, big data, and others – to power more productive, responsive, and connected devices and solutions.

Consistently developing timely new products and solutions, in addition to enhancing existing ones, is what helps us achieve our competitive edge. Each year, we make significant investments in our R&D programs, and maintain close, strategic collaborations with our customers. We also invest in a variety of internal and external programs designed to inspire new ideas and ways of working, foster technological advances, and provide differentiated solutions to grand challenges which include atomic scale precision, surface integrity, affordability, sustainability, equipment intelligence, and speed to solution.



Industry 4.0

Industry 4.0 (i4.0) refers to the collection of technologies that enable human-to-machine and machine-to-machine communication — changing the face of manufacturing. In 2020, we enhanced our i4.0 Steering Committee and developed our vision, objectives, and guiding principles for the successful implementation of i4.0. The committee is led by our CTO and includes leaders across our business. The team is focused on strategic initiatives involving the connectivity of data, optimized workflows across the entire supply chain, human-machine interfaces, and intelligent systems that will create more time for people to focus on innovation.

We collaborate



Tech Vision is our approach to technology innovation, providing a shared purpose across our global technical community around areas of strategic relevance, customer device inflections, grand challenges, and critical enabling technologies. It also serves as the framework for our innovation programs and events that encourage our employees to connect, learn, innovate, and be inspired.

Two key components contribute to this approach. Our Discover Together programs offer a series of educational opportunities and events to embolden our technical community to share knowledge, collaborate, and spark new ideas. Accelerate Innovation is a series of internal and open innovation programs that leverage external partnerships — enabling better solutions and faster cycles of learning.





Innovation and technical seminars

Our technical seminar series acts as a regular opportunity for our engineering community to share work with peers. We create exciting catalysts for new ideas by inviting distinguished faculty to present on their latest research and findings, in addition to hosting innovation speakers on a quarterly basis. In 2020, we hosted 39 events and increased participation by 10% over 2019.

Innovation book series

We hold a regular, company-wide book series that aims to cultivate our employees' creative and innovative minds. Collectively, our employees read 1,000 books including 2 children's titles to share with their families, with group discussions held in India and North America. In 2020, we selected several books to support conversations about inclusion and diversity, which we believe are key components of innovation.

Tech Scouting

Our Tech Scouting open innovation program identifies and co-develops technologies with third parties to drive innovation and growth, and enable our product groups to deliver the highest quality, highest performance products to our customers.



University collaborations

Universities are incubators for the semiconductor industry and an important source of both emerging technologies and future employees — that's why we collaborate with universities and research consortia around the globe. We engage with a wide variety of global institutions to fill research gaps, gain access to specialized facilities, and collaborate with top experts. We believe these engagements help increase our speed to solution for our customers and realize our Tech Vision. Our ongoing relationships with professors and students fuels our diverse technology and talent pipelines.

Our University Committee, comprised of cross-functional team members across our business, provides oversight and continuity across our collaborations. In addition, the Global University Council engages regional leadership to foster our global engagement activities.

In addition to research collaborations, our university engagements include capstone project sponsorships, scholarships, fellowships, and thesis awards, as well as scholarly competitions, events, research consortia, and lab affiliations. In 2020, we continued our academic collaborations through virtual implementation of projects and events with more than 61 universities in 17 countries.

Every year since 2014, we've held an annual University Collaboration Showcase. Held virtually in 2020, this event gives our global technical employees the opportunity to learn from our academic research collaborations and be inspired towards their own work.

Unlock ideas

One of the ways we collaborate with professors and universities around the world is through Unlock Ideas, a university gift program that supports 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 USD donation for the corresponding academic partner. In 2020, 25 awards were distributed for a broad range of technologies. As a result, funded research will be conducted at 19 universities in 7 different countries.



“Working on an Unlock Ideas project is helping me achieve speed to solution, and it has reinvigorated my passion for innovation.”

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Karthik Srinivasan,

Senior Field Service Engineer,
Southeast Asia and 2020
Unlock Ideas awardee





University capstone projects

Though most of our academic collaborations focus on solving advanced technical challenges that require deep subject matter expertise, university capstone projects differ. A team of students solve a challenge across broader disciplines such as engineering, manufacturing, business, and information systems — which, in turn, allows us to more broadly leverage university partners across the company. Projects give students the opportunity to apply academic learning to real-life challenges while providing additional resources for us and our talent pipeline.



Pritha Hait, Product Manager, Conductor Etch, Fremont, CA is a graduate of the University of California, Berkeley, Department of Chemical and Biomolecular Engineering's Product Development Program. Pritha wants to build a relationship between the program and Lam saying,

“Capstone projects provide us with extra bandwidth and allow us to bring technological learning from professors and the program to Lam. We also appreciate the unbiased view students provide.”

We continuously improve

Maintaining a rapid pace of innovation in our industry is key for delivering value to our customers. We do this by listening closely and collaborating with our customers to deliver the product and service offerings that meet their needs, while also anticipating what is next in a swiftly evolving technological environment. We continue to invest in R&D to extend the life and capability of our products and solutions, creating opportunities for materials and energy savings.

Product efficiency

We strive to deliver the most advanced solutions while being mindful of the environment. We embrace our role in identifying opportunities that enable our customers to curb energy use, GHG emissions and chemical consumption within their operations. Our approach to power usage reduction is twofold: 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 approximately 35% in multiple deposition product lines and a 25% reduction for our EOS® wet clean product lines. Our deposition products have environmental features offering up to 9% energy reduction by adding Eco pump and scrubber modes, optimizing exhaust flows, and adding more efficient chiller options. And we are also proud that our clean products have the highest chemical reclaim efficiencies in the industry, which reduces chemical consumption and waste.

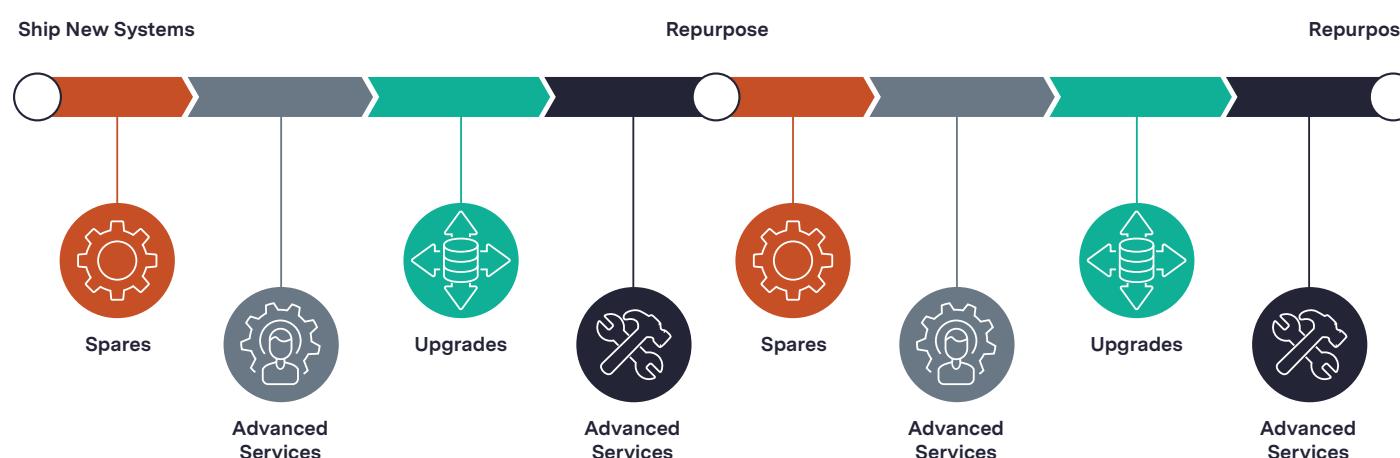




Customer Support Business Group (CSBG)

Our CSBG organization provides products and services that maximize installed equipment performance, improve predictability, and drive operational efficiency. By the end of 2020, we had an installed base of approximately 66,000 chambers with a dedicated service team to maintain those tools for maximum productivity. We offer a broad range of services and products through our CSBG business that deliver value throughout the life cycle of our equipment, including customer service, spares, upgrades, and refurbishment, of our products. Our Advanced Services go beyond the traditional break/fix type of equipment support services by combining tool data, software, and expertise to help optimize tools beyond the process results they deliver. These support services are designed for our customers to achieve greater value from their capital investment and maximum productivity from their purchase.

Delivering value to customers through the equipment lifecycle



Throughout the product lifecycle we are working to ensure customers maximize the value of their capital assets.

Extending the equipment lifecycle

Supporting our customers to extend the life of their existing equipment is an important aspect of our CSBG strategy. Many of the technical advances we introduce in our newest products are available as upgrades, providing customers with a cost-effective strategy for extending the performance and capabilities of their existing installed base. Additionally, CSBG provides refurbished previous-generation equipment for applications that do not require the most advanced wafer processing capability, which results in avoiding the environmental impacts of manufacturing a new tool.

Our spares offerings enable the re-use of high-value spare parts such as electrostatic chucks, RF hardware, and showerheads through a variety of re-cleaning, repair, refurbishment, and re-coating services. Part lifetime extension enabled by re-cleaning services, translates to approximately \$400 million of reduction in materials consumption per year. Part re-use enabled by repair and refurbishment services translates to approximately \$150 million of reduction in materials consumption per year.

Remote product training

Training our customers to use our products is a critical business exercise. With travel limited during the pandemic, our CSBG organization quickly adapted to enabling our workforce to continue providing high-quality training. We enhanced our field training delivery capabilities to provide online training for all of our key products in addition to accelerating development and expanding many of the virtual reality courses offered by the company. Due to the success of online training demonstrated by cost savings to our customers as well as a positive environmental contribution, we will continue to offer remote training.

Equipment Intelligence™

Customer demand for increasingly faster cycles of learning and lower cost of development and production are accelerating the adoption of i4.0 in semiconductor manufacturing. We proudly lead the industry with our Equipment Intelligence™ solutions, which use machine learning, artificial intelligence, and big data combined with our equipment and process expertise to deliver improved productivity, efficiency, and performance for our customers.



Commitment to quality

Our holistic approach to enhancing the quality of products, services, and operations differentiates us with our customers. Our commitment to quality and continuous improvement is shown through our certification for ISO 9001, an international standard that provides a framework for an effective quality management system.

As we work to accelerate knowledge sharing and establish scalable business processes that support quality improvement, we must also ensure that quality is a value embraced with pride by our employees — and that it is evident to our customers. Our Quality Leadership Team (QLT) is a cross-functional senior management team that drives us 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.



OUR WORKPLACE

03

We shape our culture to *work better for everyone*

An inclusive work environment demands that talent feel welcome and valued, each employee's potential be seen, their voice heard, and their strengths leveraged.





In response to the ongoing pandemic challenges, we focused on the safety and holistic wellness of our employees while developing new methods of employee engagement, recognition, and professional development. Because we believe a diverse, inclusive, and engaged workforce will drive a sustainable future, we empower everyone to bring their whole self to work and share values and operating principles that enable us to act as one company.



Accomplishments

Developed an organization-wide inclusion and diversity strategy and plan

Enacted global safety protocols, expanded remote work, and provided additional benefits to support our employees through the pandemic

Increased our employee engagement survey score to 80, which accounts for areas of our culture including inclusion, diversity, and respectful treatment



A global approach

As we endeavor to be a great place to work across our global footprint, we invest in a multi-faceted strategy that is rooted in building an inclusive and diverse workplace. Our efforts are led by the senior vice president of Human Resources under the oversight of the Board, ensuring the highest level of attention is devoted to achieving our goals. To support our employees, we tailor our programs to meet the unique cultural needs and priorities within different regions around the world while promoting a unified company culture and set of Core Values.

In 2020, we developed goals to measure our progress in inclusion and diversity (I&D), employee engagement, and safety. Progress on these goals is reported to the Board on a quarterly basis.

Workplace goals

We aim to make yearly incremental strides towards achieving these goals by 2025.

- Build on our high performance culture with best in class employee engagement at the top 10% global benchmark as measured by our employee survey
- Increase the number of women and underrepresented employees across the company
- Maintain a total recordable incident rate below 0.4



Fostering a culture that is inclusive and diverse

Our diverse and talented workforce offers invaluable perspectives that fuel our innovation. We embrace I&D and proactively create opportunities to attract, retain, develop, and reward our employees. The events of 2020 underscored the importance of these efforts more than ever — thus, we elevated I&D to one of our six areas of strategic focus for the company, resulting in a comprehensive review of our policies, employee benefits, and programs through an I&D lens. This elevated focus allows us to accelerate our progress on a variety of initiatives over the next several years.

The three core pillars of our strategy include fostering inclusion, increasing diversity, and sharing our progress. We expanded this approach by creating specific goals for I&D and developing an organization-wide strategy to achieve them. We reinforced this strategy with leadership by hiring our first executive leader of I&D, who is responsible for driving our strategy, building partnerships, and aligning with best practices.

Fostering inclusion

To achieve their full potential, we believe it is important for every person to feel valued, included, and empowered. We stand for this by continuing to foster a positive and productive work environment and recognize inclusion as a key driver. Our culture of inclusion encompasses all aspects of the employee experience, and we are intentional with this mindset in recruiting, training, leadership, decision-making, engagement, and company policies.

"We are building a workplace where people can perform at their best by strengthening I&D awareness, connecting to diverse communities within our organization, integrating I&D processes, and planning for our future success. Diversity and inclusion is a never-ending journey, and we remain steadfast in fostering a stronger, more inclusive culture at Lam."



Antoinette Hamilton,
Global Head of I&D

Supporting gender equality

A number of policies and practices are in place to promote a holistic view of gender equality in our workplace, which includes a commitment to women's representation in leadership positions, remote work options, support for flexible work-life balance, recruiting efforts to bring more women into our workforce, employee affinity groups promoting women's issues within the company, and women's leadership development programs. We regularly measure the progress of our efforts to recruit, hire, and retain female employees as well as conduct an annual pay equity assessment.

Training and employee support

Embedding I&D throughout the organization is critical to our progress, and one way we achieve this is by providing educational resources to our employees. Our internal I&D website provides information to recognize and mitigate microinequities, cross-cultural training, and mentoring opportunities. I&D training is required annually for all employees globally. In 2020, 98% of all employees participated in our web-based microinequities training.



To support our managers' skills in leading with inclusion, our Grow, Lead, and Edge management development programs focus on building an inclusive culture. Additionally, we kept these learnings top of mind by introducing Inclusion Every Day, an ongoing program delivered through our new leadership app which features "inclusion nudges" — practical reminders to be inclusive in daily actions, leadership, and decision-making.

"Inclusion and diversity training helped me better reflect on the impact that small, unintended, and unconscious behaviors may have on others. I now make a more conscious and concerted effort to actively solicit inputs from all individuals involved on a given matter while trying to identify the method of engagement that is most comfortable for each individual. I have no doubt that this simple act has led to insights that would have been otherwise overlooked or missed."



Tim Cooper,
Senior Manufacturing Director,
Livermore, CA



Corporate Equality Index

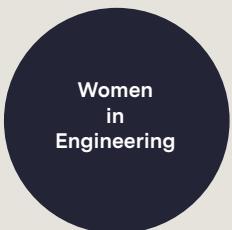
The company scored 100% on the Human Rights Campaign Foundation's 2020 Corporate Equality Index (CEI), a premier benchmarking survey and report measuring corporate policies and practices related to LGBTQ workplace equality.



Employee resource groups

Our variety of employee resource groups (ERGs) connect employees, provide learning and development opportunities, support recruitment, and engage in our local communities. Activities offered across the company include mentorship programs, coaching, career development workshops, and community events. These groups were formed to foster inclusion and understanding while giving employees the chance to connect on shared experiences. As of 2020, ERG membership stands at over 1,100 and continues to grow.

Current groups include:



Women
in
Engineering



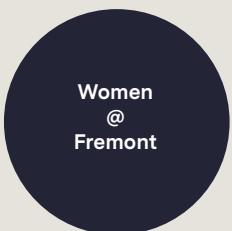
Women
in
Customer Service
Business Group



Women
in
Lam Leadership



Women
in
Global Operations



Women
@
Fremont



Veterans
@
Lam



Pride



Community of
Latinos and African
Americans for
Student Success
(C.L.A.S.S.)





Answering the call for social justice

As a response to the senseless and horrific acts of racism that took the lives of George Floyd and many more, we supported our employees through several actions.

Support for dealing with trauma and stress

- Access to counseling professionals through our Employee Assistance Program (EAP) for employees and their dependents
- A guide, “Coping after Trauma,” that provides resources and support for recovery.

Inclusion and diversity resources

- A conversation guide and resource with tips to have meaningful conversations about gender, race, and ethnicity in the workplace
- Resources in I&D website and Lam library

Read about our support for social justice in our communities on page 72.

Increasing diversity

We recognize the importance of diversity and believe it leads to better decision-making and greater innovation. This year, we expanded our disclosure of diversity to include the intersectionality of ethnicity and gender along with data on the gender makeup of our technical staff and new hires.

Recruiting a diverse workforce

A key component of our I&D strategy is to encourage our recruitment team and hiring managers to seek a diverse slate of candidates. In 2020, we expanded our recruitment efforts to include Historically Black Colleges and Universities in the U.S., Howard University, and North Carolina A&T. We also increased engagement with external organizations, including the addition of new relationships to source diverse talent.

- Women Impact Tech
- Out in Science, Technology, Engineering, and Mathematics (oSTEM)
- Grace Hopper Celebration
- National Association of Women in Manufacturing





We are actively recruiting women across all levels, particularly at the executive level (directors and above). Our progress is in the numbers:

31%
of all U.S. new hires at the executive level in 2020 were female.

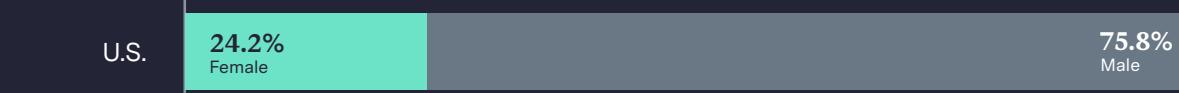
Our recruitment efforts at the new college graduate and intern level are also moving us towards a more diverse future. In India, we partnered with three women-only engineering colleges and participated in an exclusive pool event with nine engineering colleges to identify internship candidates. These expanded efforts resulted in 32% of Lam India's new college graduate and 54% of internship offers going to women.



All Employees Global and U.S. Gender



New College Graduate U.S. Gender



Technical Employees Global and U.S. Gender



Managers Global and U.S. Gender



Executives Global and U.S. Gender



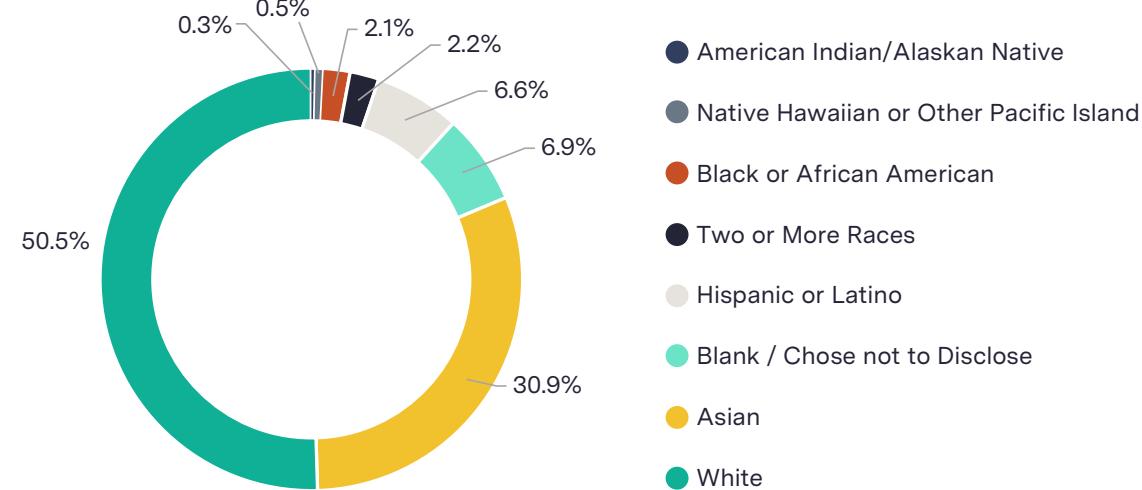
Board of Directors Gender



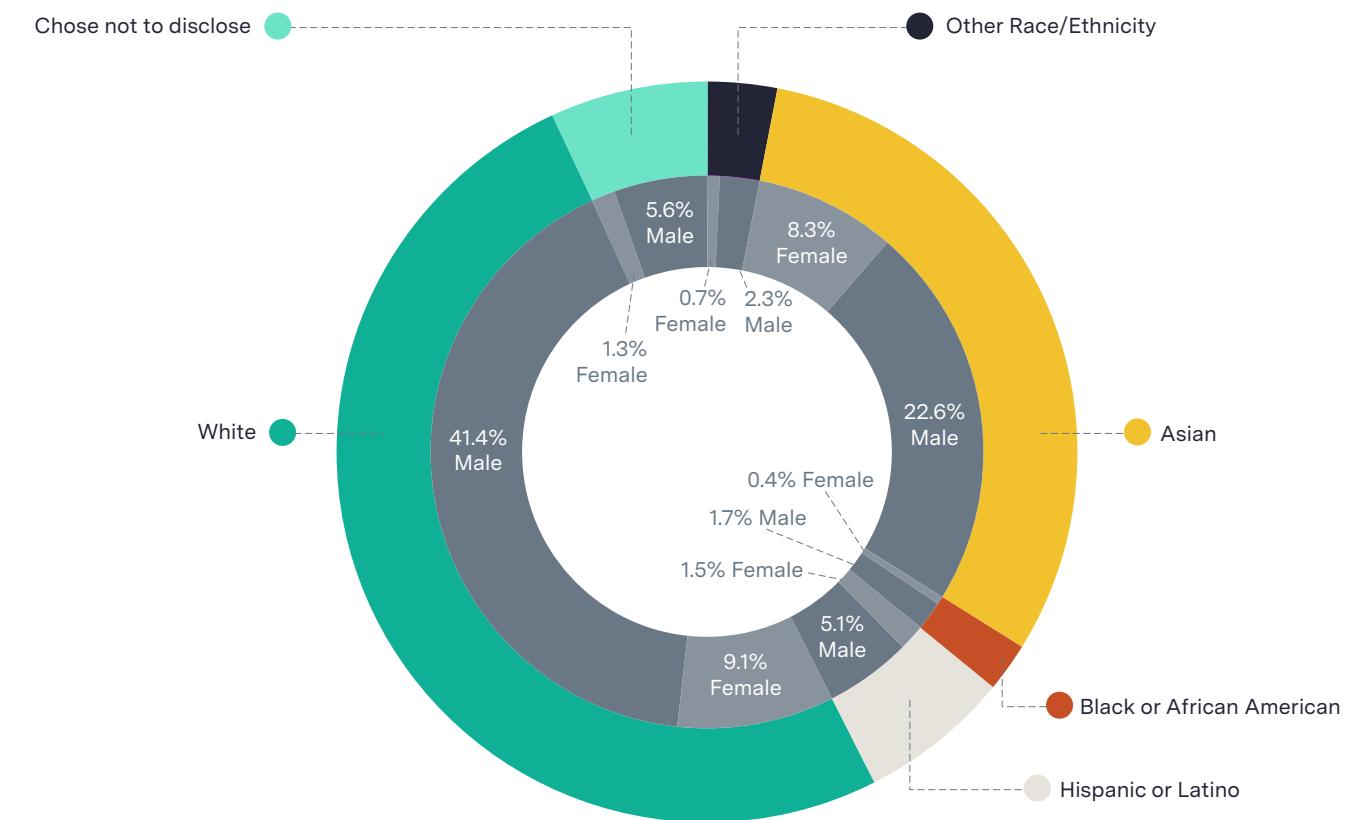
Minimum rounding has been applied to this data.



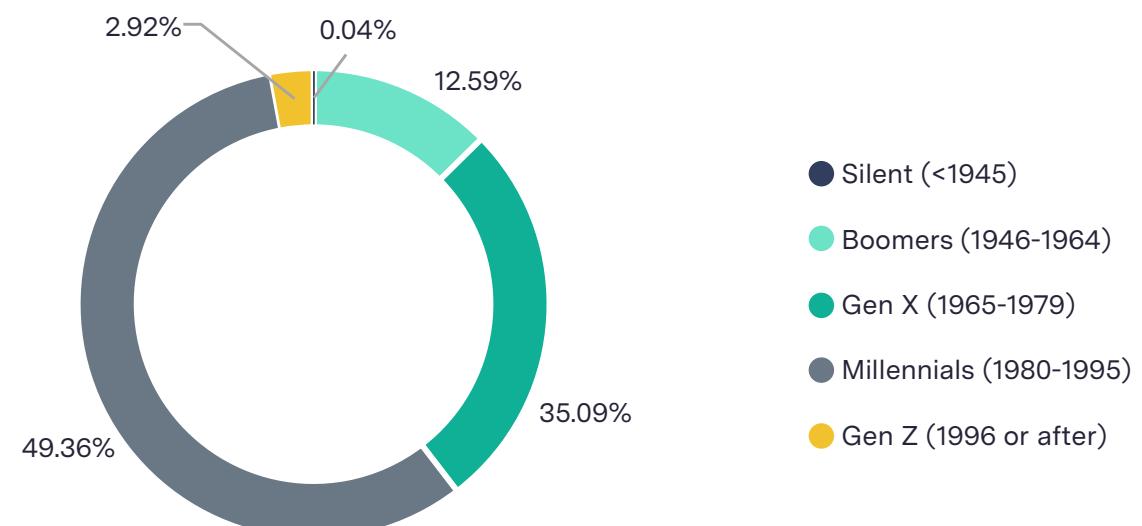
U.S. ethnicity



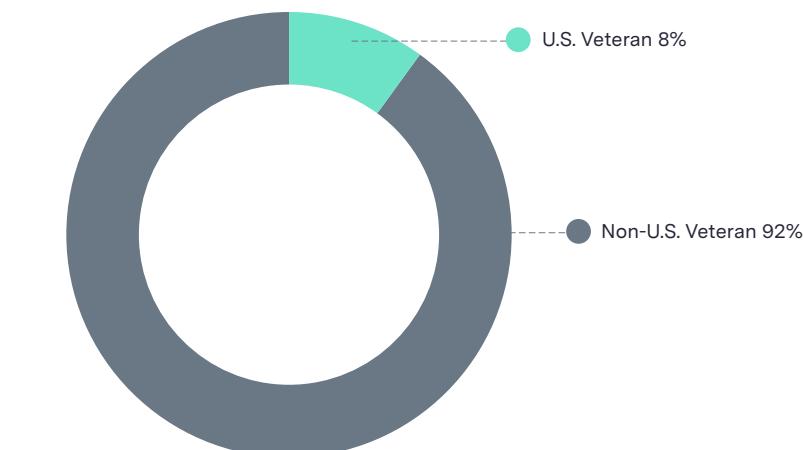
U.S. gender and ethnicity



Global employees by generation



U.S. Veteran status



Minimum rounding has been applied to this data.



Advancing I&D across the industry

Our support for I&D across the technology and engineering industries includes collaborations and sponsorship of conferences and symposiums.



EDGE in Tech Initiative

We participated in the annual Women In Tech Symposium and two leadership roundtables at the University of California's Expanding Diversity and Gender Equity (EDGE) in Tech Initiative. The initiative addresses disproportionate participation in engineering and computer science fields by serving as a trusted center and resource. It integrates research with action and is anchored at the University of California. Nerissa Draeger, our

Director of Global University Engagements, and Tammy Sanders, Senior Manager of I&D, participated in the Women in Tech Leadership Round Tables to discuss equity, inclusion, and the disproportionate effects of COVID-19 on underrepresented groups.

Conference for Engineering Diversity (CED)

We sponsor CED, a collection of professional and personal development workshops that increase understanding of how to contribute to the advancement of diversity in the workplace. Tammy Sanders, Senior Manager of I&D, spoke on a panel at the 2020 virtual event about solutions to gender inequity and burnout during the pandemic.

SEMICON West 2020

Our employees participated in the annual semiconductor conference in separate panels focused on I&D. Lubab Sheet-Davis, Vice President of Strategy and Innovation, presented on the I&D imperative for companies while Antoinette Hamilton, Head of I&D, shared strategies for attracting and retaining a diverse workforce.

New relationships

In 2020, we created new relationships with three leading organizations in the inclusion and diversity community:

Anita B. Org – a non-profit that supports women technologists

Out & Equal – an organization that helps LGBTQ people thrive and supports others to create a culture of belonging for all

Watermark – an association and conference series dedicated to increasing the number of women leaders in the industry



GEM

We proudly partner with the National GEM Consortium (GEM), a premier organization for the best and brightest underrepresented minority STEM talent in the country. In our third year of partnership, we sponsored 13 graduate fellowships and hosted 21 graduate students in summer internships.

GEM aims to increase the participation of underrepresented groups in STEM graduate programs. Partners of GEM help support the development and advancement of these groups across approximately 120 colleges and universities by providing full-tuition fellowships at the master's and doctorate levels. In 2020, Tim Archer, our CEO, became Chairman of the Board of Directors at GEM. Brennan Marcano, CEO of GEM, said, "I can think of nobody better to help us shift into an even higher gear than Tim Archer."

Theron Smith, a GEM Fellow who interned with us before joining full time in 2020, shares what the relationship has meant to him.

"Being selected as a GEM Fellow has been a tremendous experience. I received funding to help me complete my Ph.D., formed many meaningful relationships, and acquired multiple internships with Lam Research. Interning has been very gratifying and given me the opportunity to utilize my technical aptitude, intellectual curiosity, and passion for research."

"Lam shares GEM's belief that greater diversity amplifies the technology industry's positive impact on our communities. Partnering with GEM is about opening doors for the next generation, while advancing innovation within the semiconductor and technology industries."

• • •
• • •
• • • **Tim Archer,**
President and CEO



Celebrating a highly engaged workforce

To build on our progress in employee engagement and voice, we deployed our global pulse survey twice in 2020 with excellent participation, gathering input from employees on culture, I&D, career opportunity, and manager effectiveness. Our efforts to foster employee engagement and create a values-based culture are reflected in our employee feedback and key recruitment and retention metrics.

Engagement



7.7
Years Average Tenure

Providing recognition

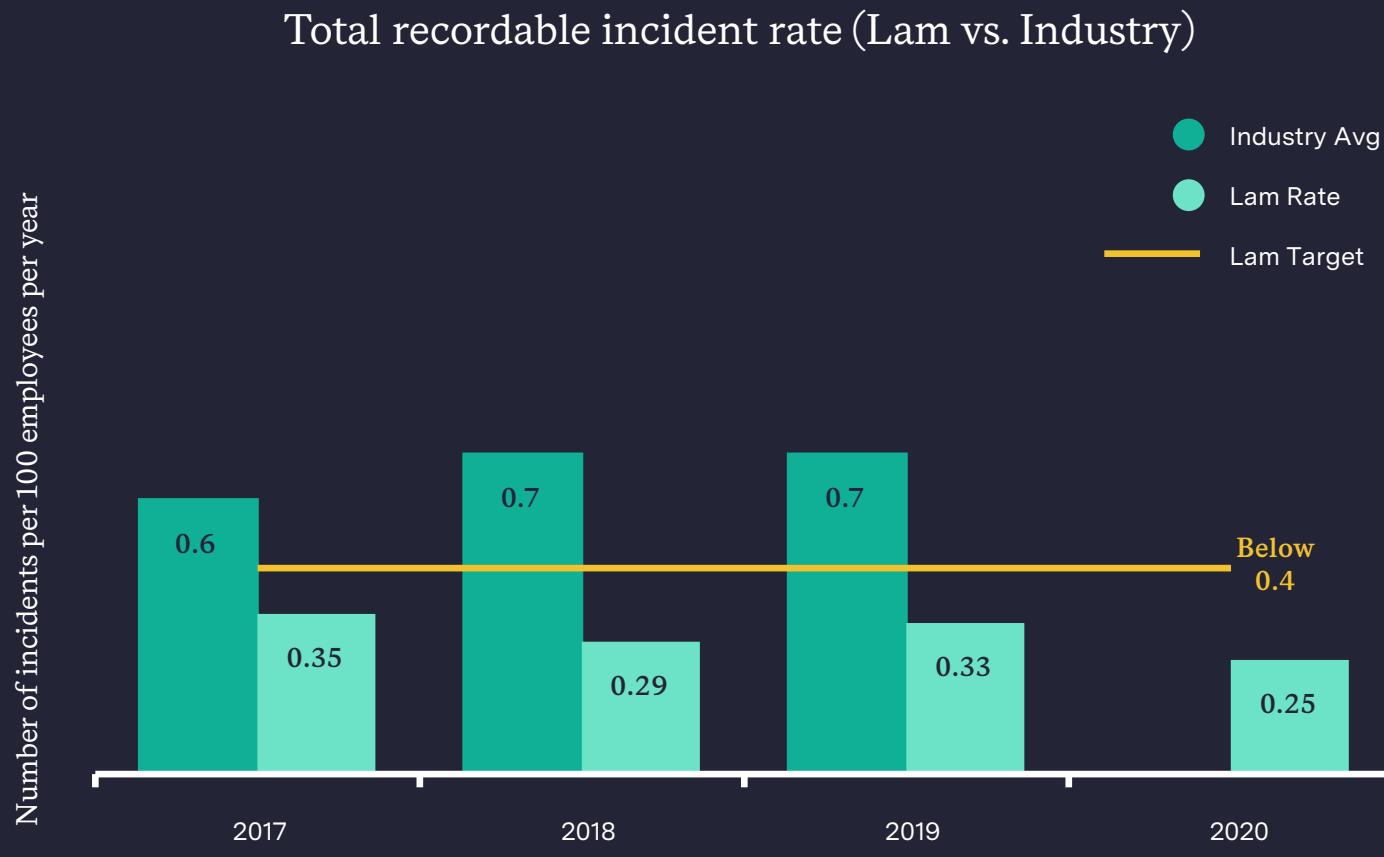
We believe recognition motivates employee engagement. To encourage a culture of recognition, we created Above and Beyond, a program that allows employees to acknowledge innovative contributions, problem solving, and demonstration of Core Values by an individual or a team. This “everyone-to-everyone” program allows employees to nominate each other for their contributions, and in 2020, employees recognized fellow colleagues with over 60,000 awards. Individual and team accomplishments are recognized through our Vista, Outstanding Technical Achievement, and Patented Innovation awards.

Upholding respect

Respectful treatment is fundamental to our culture, and thus we strive to amplify the best in one another. In 2020, we launched a range of global initiatives focused on respectful treatment including leader training sessions, conversation guides, and an intranet article series on how to bolster respectful treatment and inclusive leadership. Karthik Rammohan, Group Vice President, CSBG, is one leader who shared his approach: “Respectful treatment starts with getting the full story, without bias. I try to determine what the other team’s end goal is and work collectively. It’s all about going back to the Core Values.”

¹. Retention rate is calculated as the inverse of attrition.





Safety performance

0.25 - global recordable incident rate -
64% less than the industry average

43,000 hours of safety training

922,000 hours worked on new construction projects
with no contractor injuries

>60% of all injuries attributed to strains, sprains
and slips, trips, and falls

Keeping our people safe and well

Prioritizing the health, safety, and well-being of our employees is critical to our ongoing success. This was exemplified in 2020, as the pandemic caused a major shift in the way we work, live, learn, and connect. Our product and services are essential to the electronic devices the world counts on. We understand the important role we play in providing critical enabling technologies and at the same time, our responsibility to ensure the safety of our employees at the workplace. Our top priority in 2020 focused on keeping our employees safe while continuing to meet and exceed our customer commitments.

We invest in education, awareness, monitoring, and prevention programs to help recognize and control safety hazards. The holistic approach of our environmental, health, and safety (EHS) policies, programs, and response plans apply to everywhere we operate and extends to everyone who works on our sites with the intent to provide a safe environment during both routine and extraordinary circumstances. 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. We screen contractors' safety performance, and our contracts require contractor compliance with the safety standards set forth in our Contractor Handbook. Safety incidents concerning our contractors are reported to us, and we can take formal actions in the event that contractors fail to adhere to our standards.

We monitor our safety performance at the enterprise, regional, and site levels. By using our global incident tracking system, our corporate EHS team can assess and monitor safety trends to report to business units and executive leadership as a part of quarterly reviews. We maintain multi-site certifications for ISO 45001, the globally recognized standard for occupational health and safety management systems, and achieved validation for two new sites.



Assessing risk

With a layered approach to risk identification and reduction, site and regional EHS teams conduct annual safety risk assessments of their local operations. We conducted more than 170,000 Risk Management by Walking Around (RMBWA) inspections in 2020, a process which continues to identify and track safety issues as well as implement corrective actions in our offices and manufacturing sites. In addition, our Rapid Field Risk Assessment (RFRA) process helps field teams manage risks at customer sites and our Safety Awareness for Everyone (SAFE) program keeps employees informed of emerging safety issues and shares lessons learned from past incidents.





Ensuring employee safety and wellness during COVID-19

In response to the pandemic, we developed a holistic approach that covered the safety, health, wellness, and financial well-being of our employees.

Prioritizing safety

At the onset, our EHS team developed response plans in accordance with guidelines set forth by the Center for Disease Control (CDC), the World Health Organization (WHO), and local and national governments. We deployed our incident management teams (IMT), which include representatives from all areas of discipline within the company at the executive, corporate, and site level, to develop the necessary safety protocols. Through close coordination between the site teams and the Corporate IMT, we adapted quickly to changing circumstances and ensured teams were informed with timely and comprehensive guidance.

In bringing our essential workers back to the workplace, we used a conservative, phased approach guided by public indicators and on-site readiness. Additional safety measures were instituted at our sites with customized plans for each location, which have been continuously updated with new information. We kept our employees informed with training, updated signage, videos, and frequent communication from leadership. Our newly created COVID-19 internal website provided a single resource for all employees globally to access critical information relevant to their safety and changing guidelines and policies.

Our plans utilized administrative, engineering, and environmental controls such as face masks, temperature monitoring, social distancing, sanitization, workforce segmentation, and indoor air quality controls. EHS leadership created a roles and responsibilities guide for managers responding to employees or contractors who had potential exposure to the virus. The team also kept our remote workers safe by assisting with remote office setups, ergonomic assessments, and planning for when and how remote workers will return to their office locations.

Reducing transmission risks through controls

Administrative controls



- Health monitoring questions & temperature scan
- Social distancing requirement
- Occupancy limits
- Scheduled and on-site task limits
- Travel from building-to-building and shift-to-shift restricted
- Face mask and added PPE requirements

Engineering controls



- Ventilation meets best practice standards
- Increase HVAC filter changes
- Physical barrier/dividers to help maintain social distancing

Environmental controls



- Furniture and fixture reconfiguration to enable social distancing
- Increased frequency of janitorial services
- Hand sanitizer and other cleaning supplies available
- Lunch service provided



Engineering protection

The everyday actions of our employees, in addition to some innovative engineering, aided our safety efforts. A group working with 3D printing created face shields for their colleagues by pairing a 3D-printed visor with transparent plastic — forming a shield that can be worn with a surgical mask. In the early stages of the pandemic, a viable temperature scanning system wasn't readily available in Villach, Austria so an engineering team created a contactless temperature measurement solution in just a couple of hours using highly sensitive thermal cameras from our operations.



Giving thanks to our onsite employees

Thousands of Lam team members continued critical work on-site during the pandemic, so our remote workers from around the world created a video to show these colleagues their appreciation.

"Your tremendous dedication has been critical to ensuring the semiconductor supply chain can keep up with the rapidly growing demand for technology. Technology that has enabled people all over the world to see doctors remotely, to educate their children safely at home, to utilize artificial intelligence to accelerate vaccine development, and even to stay entertained. I believe that what you have accomplished this year is extraordinary and I know that all Lam employees feel the same way."

Tim Archer,
President and CEO





\$25 million

COVID-19 Relief Fund



Physical health

- Telehealth access
- Virtual Health Fair
- COVID-19 tests and treatment covered at 100% with no co-payment
- COVID-19 resources for those who are sick, in quarantine, or caring for others
- Personalized nutrition plans, nutrition challenges, healthy cooking demonstrations, and webinars
- Virtual fitness experts, classes, daily workout ideas, and personal training



Financial well-being

- Pay continuity for employees affected by closures for cleaning, social distancing, and other safety measures
- Emergency pay of up to 80 hours for days when an employee stays home due to COVID-19 related absences
- Two paid wellness days added to PTO
- \$1,000 (or globally scaled equivalent) relief funding provided to employees to use for their own needs or where they believe it would have the greatest impact
- Penalty free COVID-19 related 401(k) distributions allowed of up to \$100k
- Funding up to \$1,000 for home office provisioning
- Financial seminars and webinars



Work-life management

- WorkLife Resource Connection, a collection of important information from the CDC, UNICEF, and other experts on how to keep kids safe at school
- Childcare support through Care.com (U.S. only)
- Leave of absence of up to 12 weeks paid family leave for purpose of caring for children at home because of school/daycare closure (U.S. only)
- Webinars on stress management, family support, and family wellness
- Lifestyle account allowances for air purifiers, tutoring, etc. (U.S. only)
- Expanded leave policy to include remote school and care for sick family members
- Employee Assistance Program (EAP) that offers confidential, professional care and resources including information, advice, and support in 14 languages
- The Virgin Pulse App, a wellness platform for employees, families, and friends that focuses on needs such as sleeping better, stressing less, being more active, and feeling more energized
- Life Hacks Campaign, a crowdsourcing campaign we created to share tips and tricks to manage life during the pandemic; 827 participants contributed more than 180 ideas in three weeks, with 12,460 messages read by our global community



"I think it is important to understand what matters to your people and Lam does exactly that. Lam enables a culture that promotes employee well-being and is strengthened by positivity, meaningfulness, and trust even in these difficult times. Multiple programs were launched throughout this year that made this belief even stronger."

...
Rejna Vasudevan,
Software Manager, India



Employee well-being

We believe employees need holistic support to flourish. We design and prioritize programs that take care of their physical, mental, and financial well-being inside and outside the workplace.

Safety during wildfires

The devastating wildfires in the Western U.S. also directly impacted many of our employees in 2020. We acted quickly to ensure their safety by controlling air quality within our buildings and providing employees and their families in evacuation areas with temporary lodging assistance, reimbursement of expenses related to the fire, and up to one week of pay if they were unable to work.

Total rewards

Our Total Rewards program incorporates a comprehensive compensation and benefits package aimed at supporting employees' financial, physical, and mental well-being. Our annual review of salaries and benefits packages, using third-party benchmarking surveys, ensures our offerings are aligned with the marketplace and attractive to top talent. We offer a competitive 401(k) benefit, an employee annual stock purchase plan, and annual bonuses. Employee directors and above and other selected employees are eligible to receive stock awards.



Time away

We recognize the importance of time away from work for personal reasons, and offer annual paid holidays and time off, which we extended in 2020 with two new wellness days. We also shut down the company periodically during the year to provide employees a chance to unplug and reset. The opportunity for growing families to connect with each other is an important part of supporting our employees, which is why we offer 12 weeks of paid family leave at 100% of salary for new parents of biological, adopted, and foster children in the U.S. We also offer up to \$10,000 for adoption expenses.

Extra support

Our long-time focus on health and well-being, financial well-being, and stress management became even more prevalent during the pandemic as we expanded our LiveWell programs and resources available to our employees and their families. Activities are customized to each location around the world, and include health and wellness education, events and seminars, health and genetic screenings, personalized nutrition and plans, and fitness programs. In 2020, we hosted 96 employee events, one of which was our first global virtual health fair that featured sessions on wellness topics such as healthy cooking, gardening, mindfulness, and self-defense.

Lam Korea — a certified family-friendly company

Lam Korea became certified as a family-friendly company by the Ministry of Gender Equality and Family in 2020. Selected companies were recognized for operating an excellent family-friendly work system and fostering a supportive corporate culture. All Lam Korea locations were recognized for systems that harmonize flexibility in the workplace, compensation, and benefits. Our programs that focus on caring for families include encouraging the use of parental leave and providing parent education classes to help employees with elementary school and preschool children.





Recruiting the best and brightest

We're only as good as our ability to engage top talent, and our university programs are how we reach them. Many of our senior executives began their careers with us right out of college — demonstrating that our university program contributes to our leadership pipeline. To tap into the best and brightest students, we prioritize core initiatives including an internship program, new college graduate rotation program, campus events, and thesis awards and scholarships.

Our New College Graduate (NCG) program combines educational training with real-life experiences that help prepare them for their careers. In 2020, we recruited 13% of our new hires through our NCG program from over 85 universities globally.

Portland Community College partnership

As part of its vision to build leaders for the future, Global Operations launched a new internship program with Portland Community College (PCC) in Oregon. This partnership provides associate degree students in the Microelectronics Technology program with the opportunity to gain industry experience over an 18-month period while applying the knowledge obtained through their classes. Our goal is to hire interns once they achieve their Associate Degree in Microelectronics Technology and successfully complete their internship.

"We're excited to offer this program as a new bridge to the community and local educational institutions," says Amanda York, Director of Manufacturing, Tualatin, OR. "We hope the program will help propel future leaders within our industry."

"I enjoy working in a friendly and professional environment with the chance to work on real tools to help me understand what I'm learning at school," says PCC Intern Emily Nguyen, working in Sabre Manufacturing, Tualatin. "I'm excited to continue my journey at Lam."

**Jessica Mar,
Learning & Organizational
Development Intern,
Fremont, CA**

Why did you choose to intern at Lam?

I chose to intern at Lam because I wanted to be part of an organization that not only strives for the best but also truly cares and invests in their people.

What skills did you develop during your internship?

Interning at Lam further developed my problem-solving abilities and helped me understand how we can utilize effective communication to identify and find solutions to problems.





Developing every individual at Lam

By fostering our employees' professional growth at every level of the organization, we spark innovation and next-generation ideas. In reaction to the pandemic, we built, expanded, and pivoted development programs to adapt to our new environment, implementing remote learning, and converting more than 70% of our offerings. "At Lam, we believe that everyone is a leader, and everyone is a learner," says Jessie Lockhart, Senior Director of Global Learning and Organizational Development.

We want to ensure our remote employees have access to flexible development opportunities, so in 2020 we introduced three new resources to support their personal and professional development.



Learning Connect - A new platform that houses all learning and development resources. Employees can access training, track progress, and plan their development activity.



iLearn - On-demand, online content integrated within Learning Connect. Content includes training modules, videos, and audio books on topics covering business operations, leadership, collaboration, and personal well-being.



Learning@Lam - Brings all of Lam's development and training sites together to showcase the development opportunities across the entire company.

Training at Lam



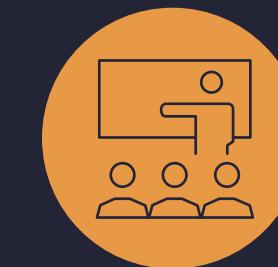
~624,000

Employee training hours



~4,700

Different courses offered



~600

Management training participants



\$1.65M

Remimbursement dollars for educational expenses





Cultivating leadership

For us, leadership is defined as creating positive change, developing yourself and others to be better, motivating and inspiring people to achieve their goals, and harnessing the power of inclusive teams. Our leadership development programs are designed to scale leadership across our business by guiding managers to motivate, inspire, and lead employees through change. Our three leadership programs, Grow, Lead, and Edge, are designed to meet managers at different stages of their careers. Grow focuses on new managers and effective communication, Lead is designed for experienced managers to up-level leadership skills, and Edge equips executives to drive positive change. Across these three programs, we engaged virtually with nearly 600 managers in 2020.

Our technical program, Leap, provides engineers with 4 levels of skills certification across 11 disciplines. Over 300 courses are available, shaped from the collective knowledge of over 100 subject-matter-experts globally. Since inception, nearly 1,000 employees have achieved their Leap certification. In 2020, the team that implemented the Leap program received recognition for their efforts with a prestigious Vista Award.

Growing talent

As part of our organizational audit process, each CEO staff member identified high-potential diverse employees for a talent review with the entire CEO team. Development plans were created for each employee in this diverse talent pool, which include exposure, experience, education, and CEO staff sponsorship. In total, 70 people were chosen for this development opportunity.

Fostering mentorship

We accelerate employee development, broaden career opportunities, and expand professional networks for employees through our mentorship, coaching, and rotation programs. In 2020, we launched Mentor Match, a new technology expanding our ability to facilitate mentorship relationships across the company. In addition, we piloted BetterUp, an online coaching platform with a group of 180 managers. The first six-month coaching engagement focused on support for leading through a pandemic as well as general leadership development.



"In my career, I've had several excellent mentors who helped me in many ways. I wouldn't be where I am without them, and I feel that it's now my turn to offer that guidance and help to others."

- • • **Amber Barber,**
- • • Lean Six Sigma Master Black
- • • Belt and Lam mentor, Oregon.

**RESPONSIBLE SUPPLY CHAIN**

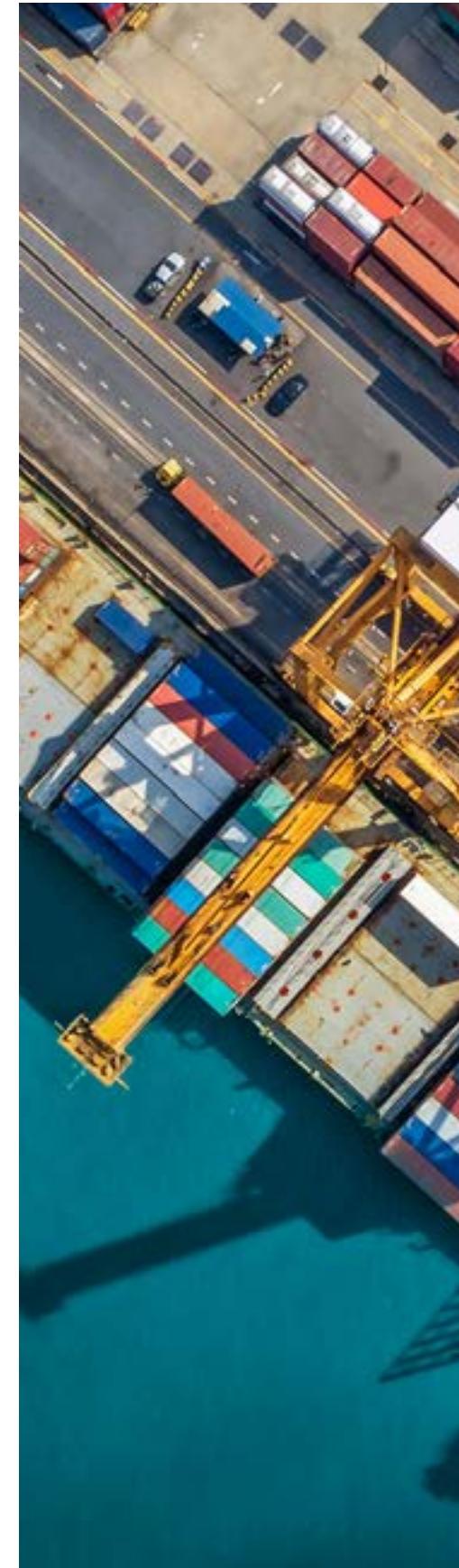
04 We collaborate *towards a better future*

Building a supply chain that is responsible, resilient, and diverse supports the success of Lam, our customers, and our suppliers. With our Core Values at the foundation of our business, we approach our supply chain with the same focus on human rights, the environment, and diversity that we apply to our own business — and we hold our suppliers to these same standards.





Sourcing the specialized components needed for our process equipment and services requires a robust, global supply chain. We work closely with our suppliers to address critical issues including human rights, mineral sourcing, environmental impact, and supplier diversity. We are committed to complying with laws and regulations and expect our direct material suppliers to conduct their business in the same manner.



Accomplishments

Enhanced our Global Supplier Code of Conduct by integrating additional compliance requirements
Established a global strategic framework for responsible supply chain and developed our 2025 goals
Released a new supplier survey focused on environmental sustainability



Responsible supply chain goals

We set goals to guide our progress in building a responsible supply chain and aim to achieve them by 2025:

- Achieve more than 90% compliance with our social and environmental expectations across our top tier suppliers
- Engage with at least 50% of our top tier suppliers on environmental sustainability opportunities
- Increase engagement with all suppliers on social and environmental topics through assessment, training, and capacity building



In 2020, we augmented our management approach with a new strategic framework:

- **Transparency** - Increase level of transparency to meet expectations set by industry standards
- **Responsibility** - Increase level of human rights commitments to maintain best practices within industry
- **Governance** - Enhance global supply chain governance systems with clear accountability and escalation process
- **Training** – Increase training for employees and Tier 1 suppliers on ESG topics
- **Risk Assessment and Audit** - Establish and integrate a comprehensive supplier risk assessment and audit process
- **Supplier Diversity** – Continue to grow and expand our supplier diversity program



Responsible Business Alliance (RBA) partnership

As part of our commitment to creating a responsible and transparent supply chain that is pursuant to RBA requirements, we conduct self-assessments to identify the greatest social, environmental, and ethical risks. Our RBA scores at corporate and site levels range from 87% to 91%, which the RBA rates as low risk.

We actively encourage our suppliers to join us in becoming members of the RBA and will request all of our top-tier suppliers complete the RBA self-assessment questionnaire in 2021. As of 2020, nearly one-third of our top 32 suppliers are RBA members, representing 29% of our global spend.

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





Supplier management

We actively engage with our suppliers to manage risk and promote an ethical, responsible supply chain and uphold the guidelines published by the Institute for Supply Management (ISM) and the RBA, of which we are a member. The RBA is the world's largest industry coalition dedicated to corporate responsibility in global supply chains, and our Global Supplier Code of Conduct requires suppliers' adherence to both the RBA Code of Conduct and ISM Guiding Principles. We require our new suppliers to acknowledge and agree to our Global Supplier Code of Conduct as part of the onboarding process. In 2020, we enhanced our Global Supplier Code of Conduct by integrating additional compliance requirements provided in the RBA Code of Conduct.

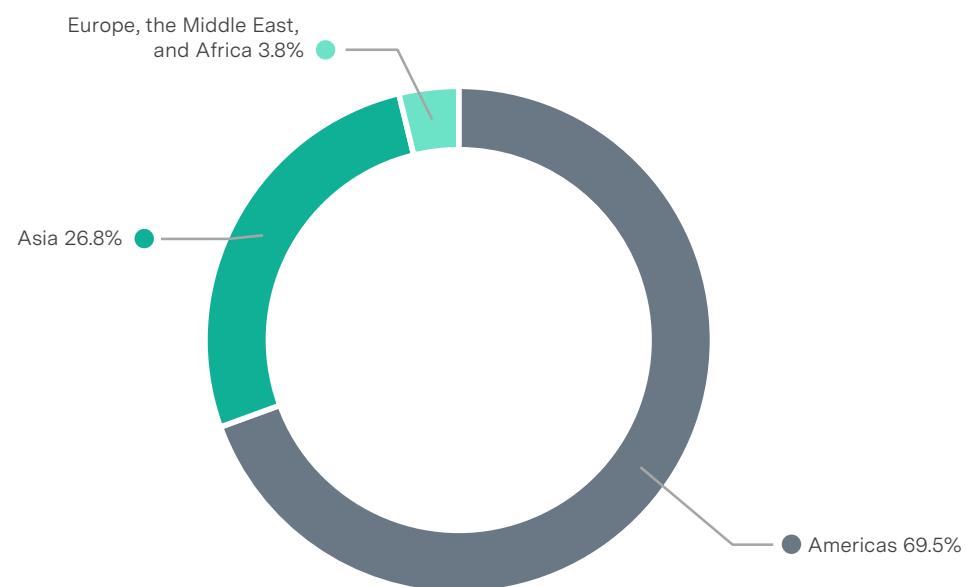
Our management approach includes surveys, verifications and certifications, training and communications, compliance audits and inspections, and corrective actions when warranted. We regularly survey our suppliers and review responses to evaluate their performance and risks, utilizing our supplier scorecard which incorporates ESG factors. One way we measure progress is by using third-party scoring entities such as the Corporate Human Rights Benchmark and KnowtheChain.

Our Global Supply Chain Management Operations has a dedicated ESG manager who leads our supply chain risk assessment and compliance efforts. The head of global supply chain management business operations is responsible for our supply chain ESG performance. Our cross-functional Supply Chain Committee is comprised of representatives from our direct and indirect supply chain teams, environmental health and safety, legal, and ESG. The Committee meets regularly to identify opportunities, develop plans, and provide input on the implementation of responsible supply chain initiatives throughout our business. In 2020, the Committee launched several foundational initiatives including:

- Creating a baseline of current supplier performance based on ESG criteria
- Leveraging advanced technology solutions for supplier surveys, risk assessment, and engagement
- Implementing an engagement platform for communicating compliance, regulatory, and ESG issues and trends with suppliers
- Establishing a cross-functional approach to supplier diversity
- Identifying opportunities within key commodities to address environmental impacts



Supplier spend by geography

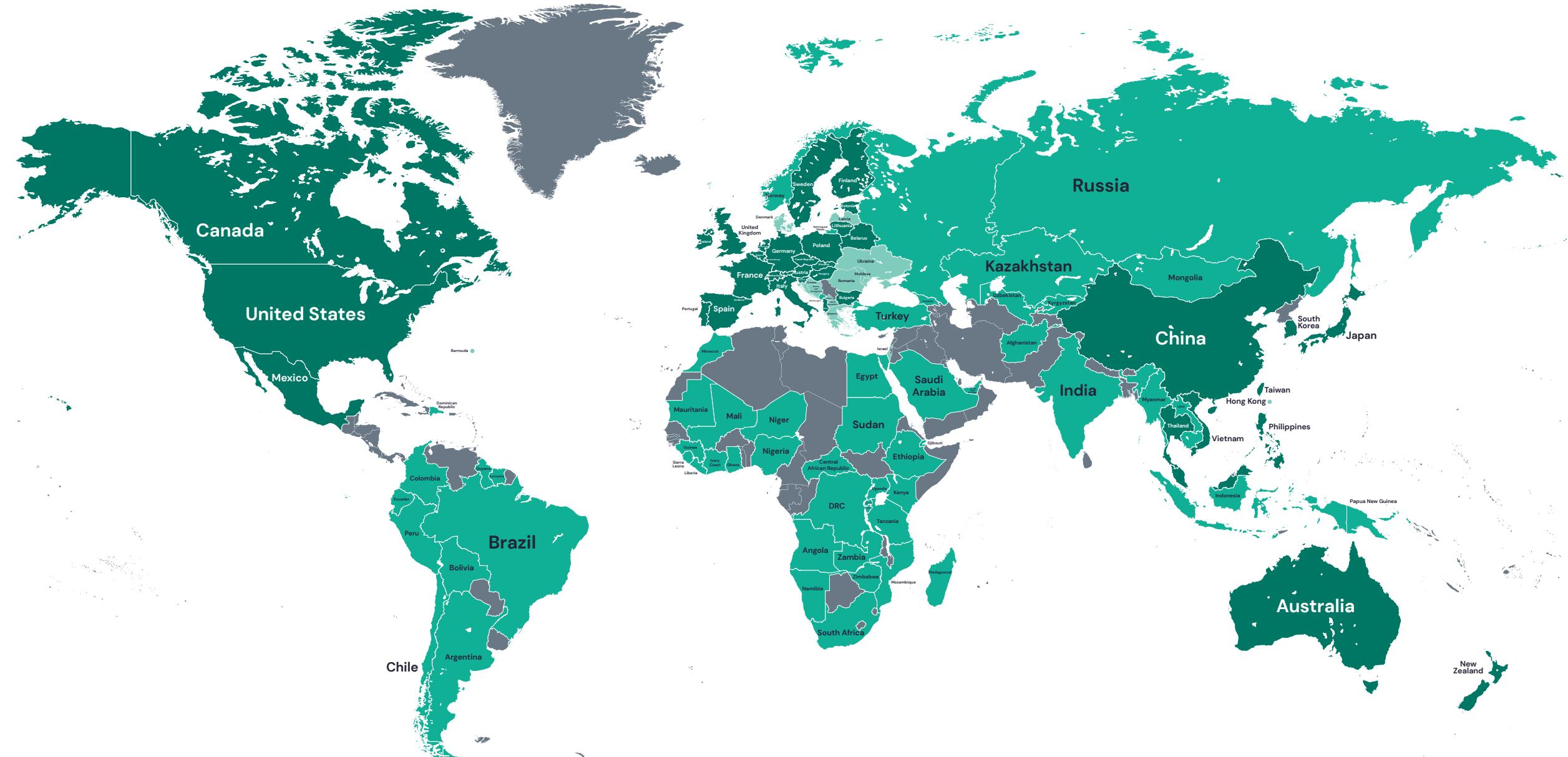




Supplier footprint

As of 2020, we have a global supply chain footprint with suppliers in over 30 countries. Our minerals are responsibly sourced from a variety of smelters in 52 countries.

- Locations with suppliers
 - Possible locations of origin for tin, tantalum, tungsten, and gold (3TGs)
 - Locations with suppliers and possible locations of origin for 3TGs





Protecting human rights

Wherever we do business, we respect human rights and adhere to humane business practices. Our Global Supplier Code of Conduct is intended to promote safe working conditions and respectful, dignified treatment to those working in our supply chain. We support workers' rights to freedom of association and collective bargaining (to the extent permitted under local laws) and declare our support in our Global Employment Practices statement. This statement is distributed or communicated via email, published through our intranet, and made publicly available on our external website. We expect our suppliers to adhere to these same practices. We also train our employees in the supply chain management organization annually on how to carry out inspections and recognize potential signs of human rights abuses. In 2020, over 200 employees participated in this training.

One way we hold suppliers accountable for upholding human rights is by surveying our top 100 suppliers located in countries the International Labor Organization identifies as high-risk for human trafficking. We utilize the Slavery and Trafficking Risk Template (STRT) developed by the Social Responsibility Alliance, which helps us prioritize our due diligence and risk mitigation actions. In 2020, we had an 80% response rate to the STRT survey.

Our Ethics Helpline is available to our suppliers and their employees as well as Helpline information on our corporate website and in our Global Supplier Code of Conduct. We did not receive any reports made from our supply chain or their workforce regarding human trafficking and forced labor in 2020.

Addressing forced and bonded labor

We work with specific suppliers to trace the journeys of migrant workers from their home countries to places of work, enabling us to identify and manage risks. As a result of an 18-month pilot, suppliers returned employment fees to 172 foreign migrant workers and implemented corrective action plans. We required all participating suppliers to enact policies that prohibit forced and bonded labor in any form. We are using the findings from the pilot program to expand our scope and augment our supplier risk assessments.



Sourcing minerals responsibly

Our goal is to use only responsibly sourced minerals in our products. We do not directly purchase conflict minerals nor have any direct relationship with the mines or smelters that process them. We use the conflict minerals reporting template developed by the Responsible Minerals Initiative to assess our suppliers. In 2020, 97% of our suppliers responded to the survey.

GHG emissions, CDP scores, environmental sustainability goals, supplier environmental practices, third-party certifications, and RBA membership. We had 100% of our top tier suppliers respond to the survey this year.



Protecting our environment

The environmental sustainability commitment we uphold extends to our supply chain, so our Global Supplier Code of Conduct includes requirements for environmentally responsible manufacturing processes. We encourage suppliers to adopt adequate measures and work towards improving environmental performance. In 2020, we released a new supplier survey that requests information on

Environmental survey results

100% of Top Tier suppliers responded to Lam's ESG survey

50% of Top Tier suppliers are ISO 14001 certified

25% of Top Tier suppliers have public environmental goals

Supporting supplier diversity

We value a diverse supply chain and aim to identify and select diverse suppliers that offer goods and services that meet our company's standards, supplier selection criteria, and customer requirements. By supporting industry and customer initiatives around supplier diversity, we enable and promote a more diverse supplier base. Diversity is also included in our supplier scorecard, and we track and report spending with diverse direct material suppliers on a quarterly basis. We are using this data to facilitate a cross-functional approach to supplier diversity.

Supplier diversity highlights

25 - total number of diverse suppliers

525% increase over 2019

\$75.5M - total spend with diverse suppliers

95% increase over 2019





Supplier Excellence Awards



Since 2005, we've recognized companies who demonstrate exceptional commitment to outstanding performance with Supplier Excellence Awards. In 2020, we added an Environmental, Social, and Governance (formerly Corporate Social Responsibility) Award at our annual Supplier Day event. This gathering of our top suppliers strengthens collaborative partnerships and creates opportunities to drive continuous improvements in the supply chain. We awarded the first-ever Supplier Excellence Award for ESG to Celestica, Inc. for their support and progress in their human trafficking and forced and bonded labor program. Khairiah Jaafar accepted the award on Celestica's behalf.

"As members of the Responsible Business Alliance, we are vocal advocates for the RBA's Code of Conduct that establishes standards for how all companies in the electronics industry should behave to ensure that people are treated with respect and dignity, are provided with a safe work environment, and that manufacturing processes and supply chain practices are environmentally responsible," says Greg Marvell, Vice President of Celestica.

Maintaining a resilient supply chain during COVID-19

During the global disruption due to COVID-19, we worked closely with suppliers to ensure our supply chain remained resilient and flexible. We proactively addressed potential vulnerabilities and mitigated risks across the network, and we continue to monitor and manage risks in real-time through a dynamic scoring process. This work helped us prepare for future disruption, and we intend to continue collaborating with suppliers to build a supply chain that can handle prolonged demand increase and disruptions with minimal impact to our customers and to Lam. We shared best practices and business resiliency success factors at our annual Supplier Day and through outreach to our supplier base.

**SUSTAINABLE OPERATIONS**

05

We seek out more *sustainable ways to operate*

Tackling climate change and preserving the planet is paramount, and we strive to do our part. We do this by integrating environmental considerations into our operations.





Incorporating environmental sustainability into business leads to better products, more efficient operations, and added value for our customers. As our business grows, and with it our footprint, we implement a global approach that embraces energy efficiency, GHG emissions reductions, water conservation, waste reduction, and chemical management.



Accomplishments

Achieved 2.6 million kWh savings through energy efficiency

Completed waste audits at our sites in California, Oregon, and Ohio

Decreased the total global amount of hazardous waste disposed to landfill from 1.10% in 2019 to 0.005%



Sustainable operations goals

We set 2025 goals that guide our strategy and in 2020 we made gains across all five goals.



Achieved a 4.2% reduction

Reduce scope 1 and 2 absolute greenhouse gas emissions by 25% from a 2019 baseline



Saved 2.6 million kWh

Achieve 12 million kWh in total energy savings from a 2019 baseline



Conducted waste audits at four sites

Conduct waste audits in 2020 at applicable factory sites to establish non-hazardous waste reduction goals for 2025



Reduced waste to landfill to 0.005%

Achieve zero waste to landfill for hazardous waste



Saved 7.2 million gallons

Achieve 17 million gallons of water savings (15%) in water-stressed regions from a 2019 baseline



Energy and climate

Climate change is one of the most substantial challenges of our time, with environmental, social, and economic implications and we recognize our responsibility to act. Our climate impacts come from our R&D and manufacturing activities, supply chain, and use of our products. Our management approach focuses on reducing our energy use and GHG emission in our operations and we are currently developing a strategy to proactively address all of our scope 3 emissions for future activation.

Six points of action in our energy and climate strategy

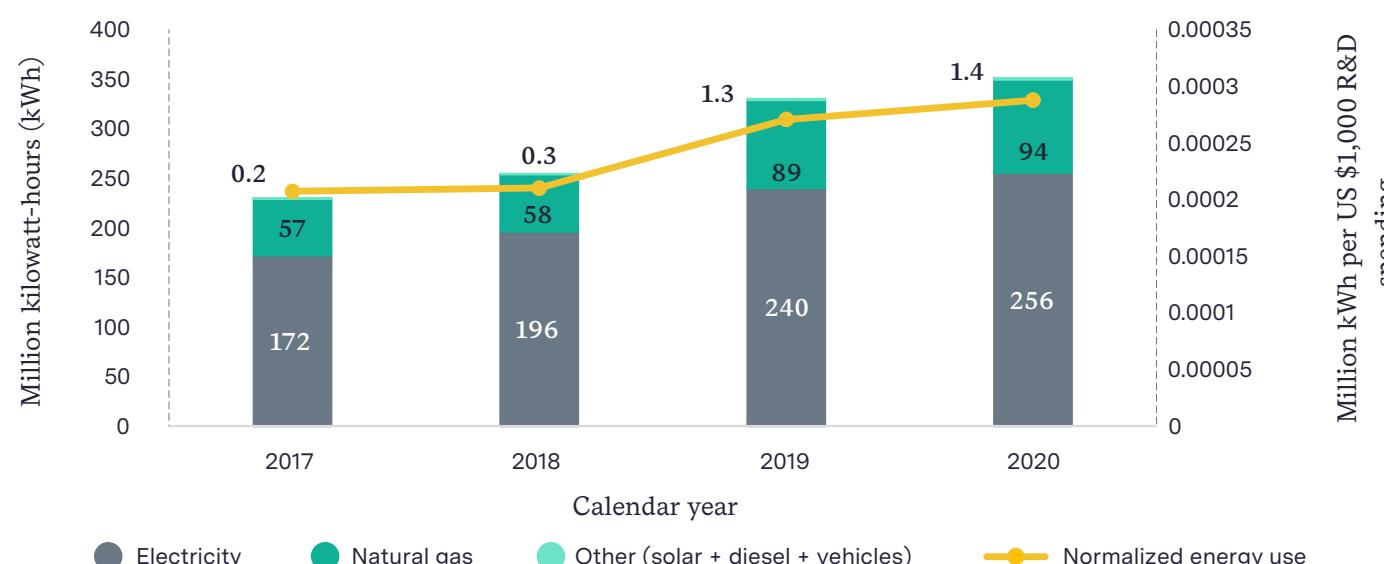
- Improving and optimizing the energy efficiency of our operations
- Implementing grid scale energy solutions with a bias towards renewables and investing in on-site renewables where feasible
- Applying point-of-use abatement to mitigate process gas usage
- Purchasing offsets to address portions of our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





Energy use

Advanced technologies that support our customers' needs are increasing our energy use in R&D and manufacturing. In 2020, the total energy use from our primary manufacturing and office locations increased. Primary contributors include expanded operations at our Ohio and Oregon manufacturing sites, and start-up operations at our new site in Malaysia.



Energy use highlights

351 million kWh in total energy usage
6.3% increase over 2019
2.6 million kWh in energy savings

Energy efficiency

Energy use is a key focus for reducing our environmental and climate impacts, especially as the company grows. Improving the energy efficiency of our operations by optimizing existing systems and implementing new efficiency projects ensures we minimize energy use, while still meeting the needs of our customers.

As part of our 2025 goals, we aim to achieve 12 million kWh of energy savings from a 2019 baseline. In 2020, we completed projects that will yield 2.6 million kWh in annual energy savings. Initiatives that contributed to these savings include:

- Continuing the work from 2019 to replace vacuum pumps at our Tualatin, Oregon campus. The project will result in saving or avoiding 1.2 million kWh per year of additional energy use
- Improvements in the controls and interconnections of our compressed air system resulting in approximately 277,000 kWh in savings
- Continued progress on our LED replacement project in Tualatin, saving approximately 634,000 kWh through additional LED installations

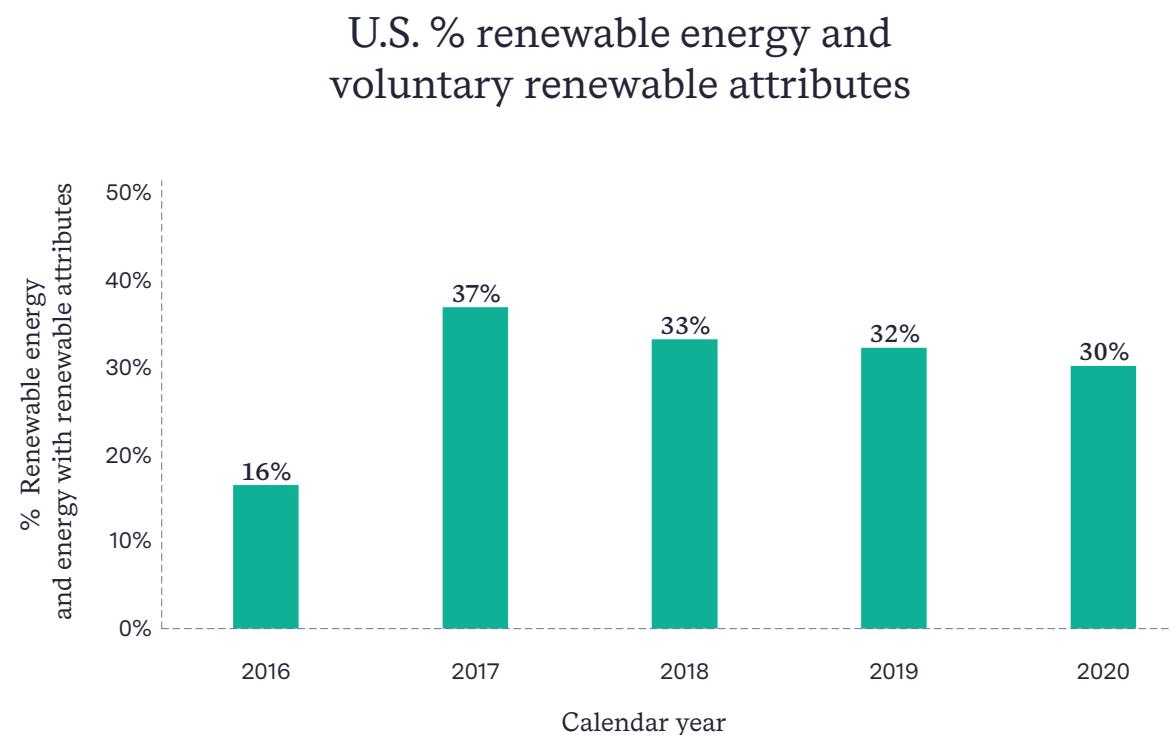
Per guidance in the GHG Protocol, we recalculated our energy use for the baseline year 2019 to include our world-wide leased offices. This resulted in a 9.0% increase in our total energy consumption in 2019 from 303 million kWh to 330 million kWh.



Renewable energy

In addition to conserving energy, we use renewable energy as part of our environmental management approach. At the end of 2020, renewable energy and energy with an equivalent amount of voluntary renewable attributes made up 30% of our U.S. energy use, and 32% of our global use. Our Villach, Austria facility meets 100% of site energy needs with renewable energy.

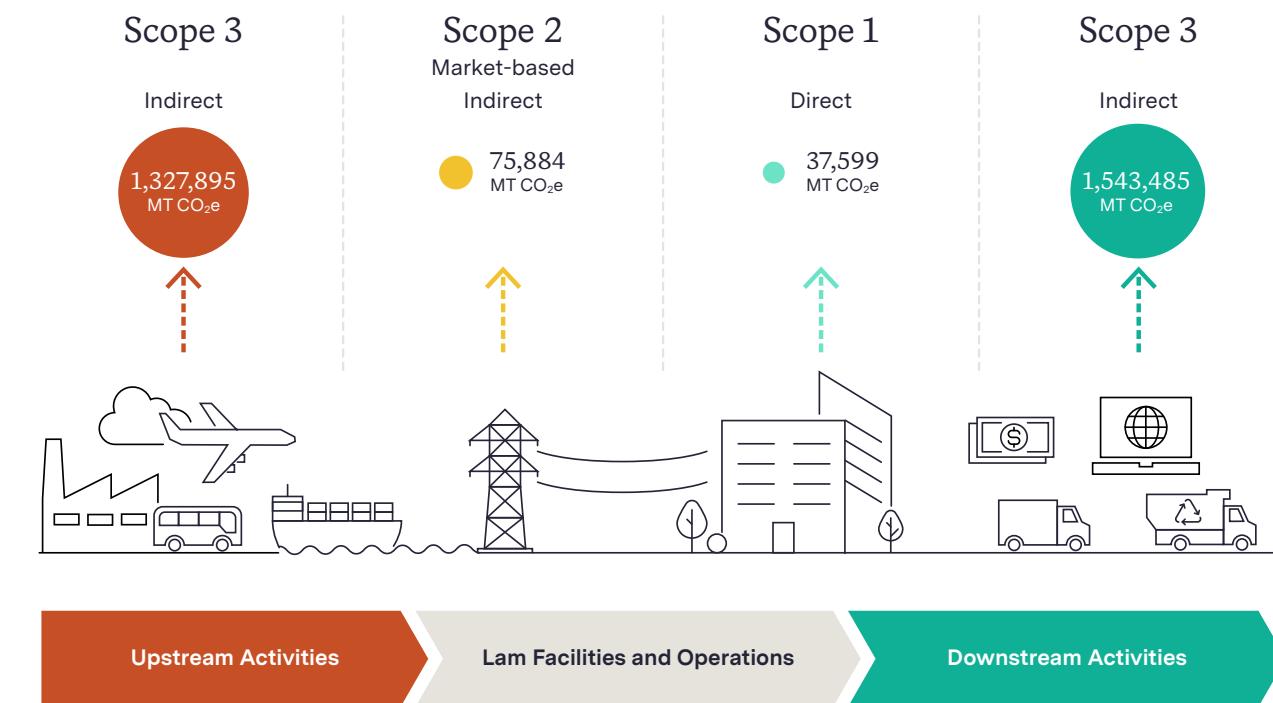
In 2020, we purchased approximately 21 million kWh of renewable energy certificates (RECs), equivalent to 48% of the electricity consumption in Eaton, Ohio. With these RECs, Lam was able to avoid the emission of 10,210 metric tons CO₂e.



GHG emissions

We are committed to doing our part to mitigate climate change by managing our GHG emissions: setting goals, closely tracking our emissions, and reporting progress annually. Energy use is a primary driver of our emissions, so energy management is a key aspect of our strategy. We also actively address our carbon footprint through procurement strategies, GHG abatement, renewable energy credits, and carbon offsets.

Greenhouse gas emissions



Scope 3 emissions are based on 2019 data.



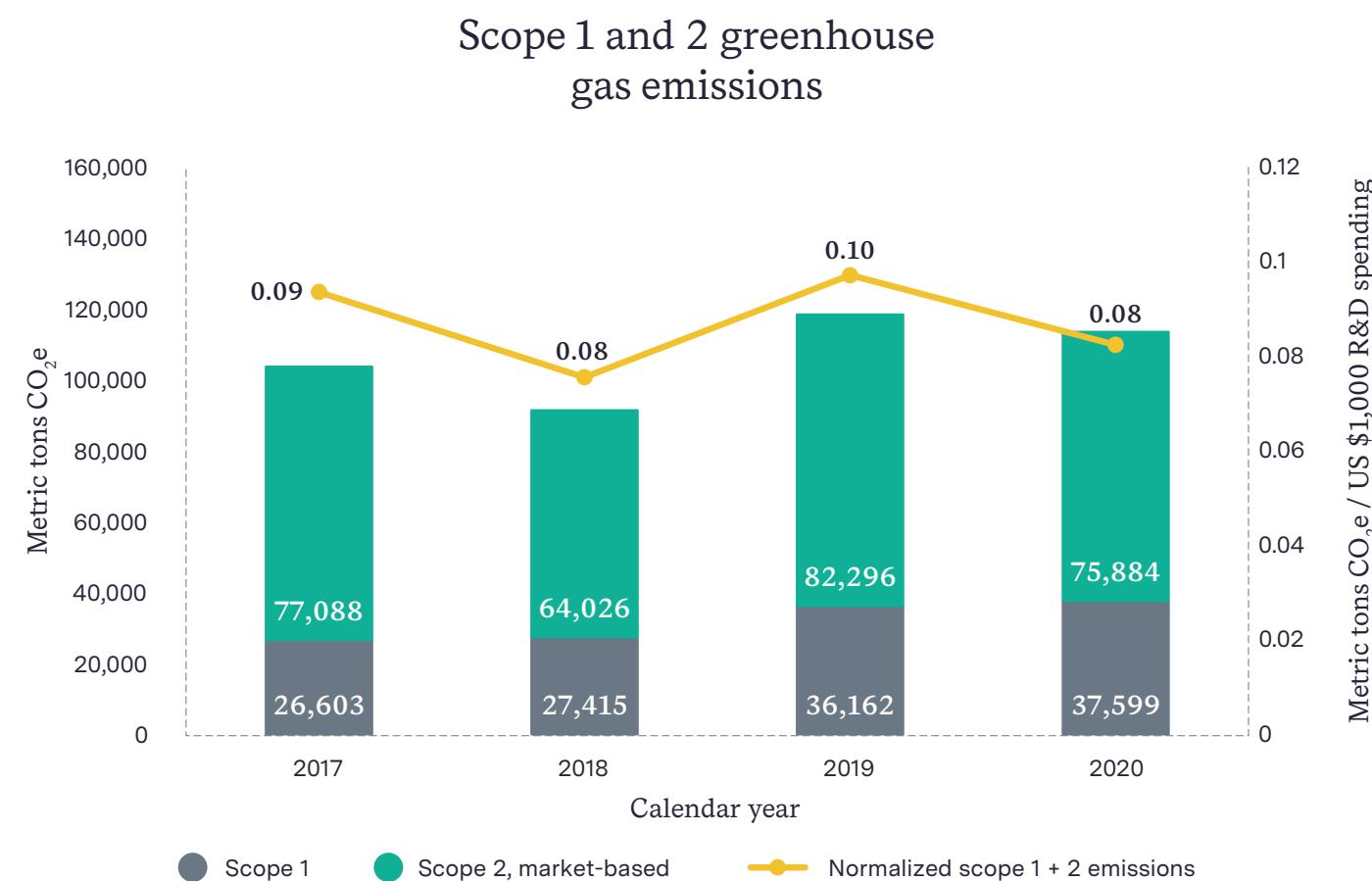


Scope 1 and 2 emissions

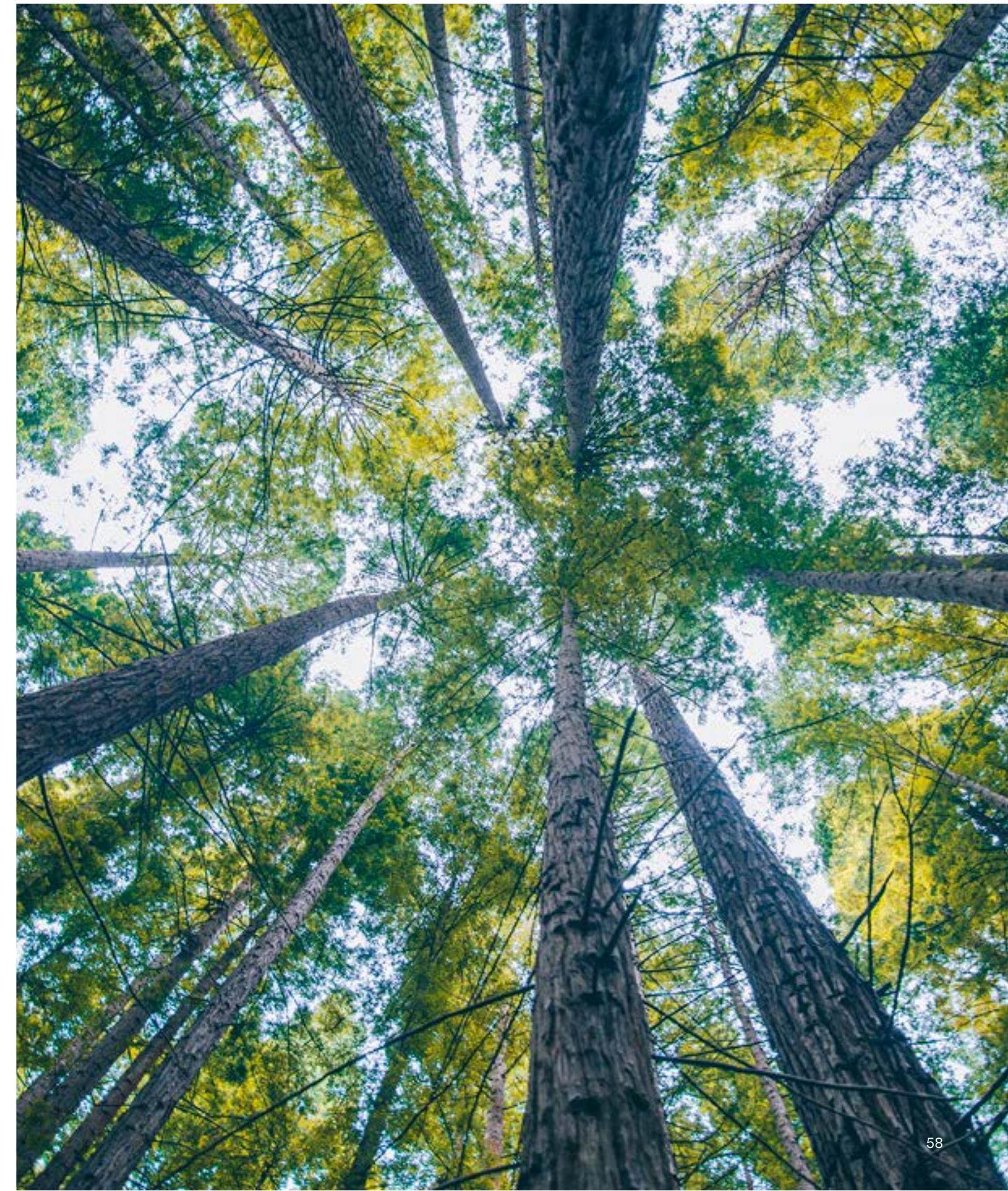
In 2020, we made progress towards our 2025 goal to reduce absolute scope 1 and 2 emissions by 25%. Our combined scope 1 and scope 2 market-based emissions decreased by 4.2% over 2019 through the procurement of RECs.

GHG emissions highlights

- 113,482 MTCO₂e** scope 1 and 2 market-based emissions
- 7.8%** decrease in scope 2 market-based emissions via RECs
- 4.3%** increase in scope 2 location-based emissions
- 4.0%** increase in scope 1 emissions

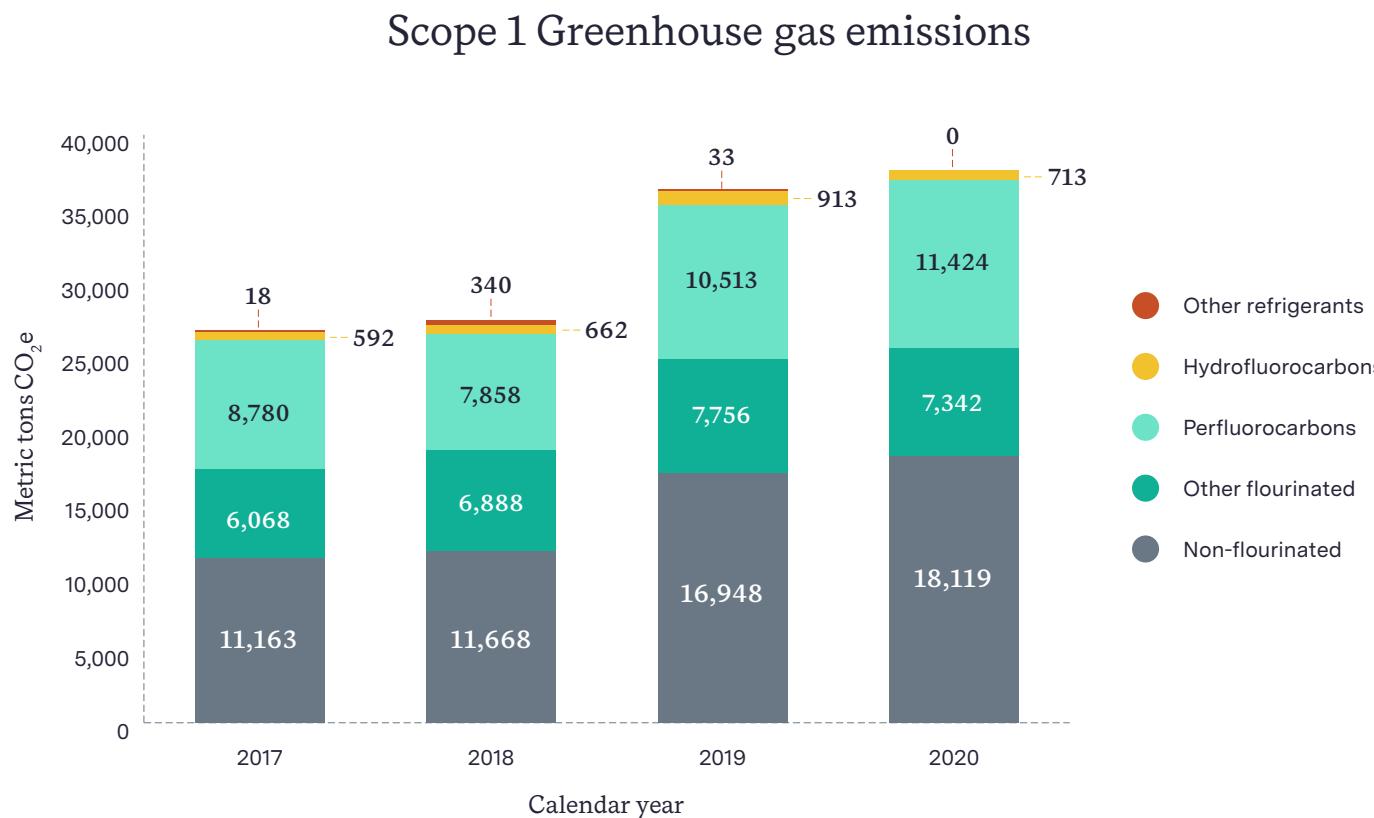


Per guidance in the GHG Protocol, we recalculated our scope 1 and 2 emissions for the baseline year 2019 to include our worldwide leased offices. The inclusion of the leased offices resulted in a 6.3% increase in GHG emission in 2019 from 111,479 MTCO₂e to 118,458 MTCO₂e.





More than half of our scope 1 emissions can be attributed to process gases used for customer demonstrations and R&D activities. We mitigate our scope 1 emissions through optimization of our semiconductor processes and the use of best-available emission control technologies. Our scope 2 emissions are attributed to our purchased electricity. Investing in energy efficiency and renewable energy credits are our top strategies for addressing our energy use and scope 2 emissions.



Scope 3 emissions

We recognize the importance of measuring, tracking, and evaluating the GHG impacts of both our upstream and downstream business activities. In 2020, we initiated an effort to better understand our scope 3 emissions by conducting an inventory utilizing standard accounting protocols.² The inventory serves as both a baseline to track future GHG reductions and a launching point to accelerate sustainability efforts across the entire value chain. The most significant emissions categories include the use of sold products and purchased goods and services.

Some ways in which we currently address our scope 3 emissions include:

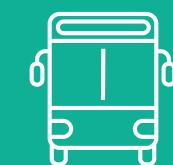
- Purchasing offsets:** In 2020, we offset 100% of our emissions associated with air travel and car rental via carbon credits. The credits funded two projects – a 40 MW wind power project in Nicaragua and a wind farm in Oklahoma.
- Providing inter-campus shuttles:** We offer daily shuttle services between our California facilities (Fremont and Livermore). We also offer a Commuter Benefit program that helps employees save on eligible commuting costs through pre-tax pay deductions.

- Investing in charging stations:** Sites in California and Oregon feature onsite electric vehicle charging stations that contribute to reducing commuter emissions. We installed 3 more charging stations in 2020, for a total of 37 charging stations in operation.

Scope 3 emissions highlights

2.9 million MTCO₂e total scope 3 emissions
74% decrease in business travel emissions
Offset **100%** of air travel and car rental via carbon credits

Shuttle buses



Avoided 500 MTCO₂e in 2020. Equal to 1.5 million vehicle miles or taking 270 cars off the road each workday.

EV charging stations



49 MTCO₂e in emissions reduction
14,000 gallons in gasoline savings



2. We used the GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard, and the GHG Protocol Technical Guidance for Calculation scope 3 Emissions (version 1.0.) Total scope 3 emissions are based on 2019 data. Business travel data and offsets based on 2020 data.



Disclosing our climate impact

We communicate 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 2020, we received a B grade on both the Climate Change Survey and the Water Survey. Our scores are comparable or higher than average for the North America region and the electrical and electronic equipment sector.

We are also in the early stages of communicating our approach to climate governance, strategy, risk management, metrics, and targets via the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). Several elements of our approach are outlined in this report.





Waste management

Waste reduction, recycling, and reuse continue to be a focus for us. We monitor and manage both hazardous and non-hazardous wastes generated by our operations and work to find ways to recover and recycle materials. Most of the waste we generate is a result of our manufacturing and R&D activities, with roughly 71% of our waste being 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 29% of our waste is considered hazardous, the management of which is strictly monitored and regulated.

Non-hazardous waste

The major non-hazardous wastes that we generate are wood pallets, cardboard and packaging materials, and municipal wastes. We have management systems in place at each site that align with local regulations to ensure we capture a variety of waste streams. When municipal recycling services are not available for specific items, we explore options to contract vendors that repurpose or recycle those materials.

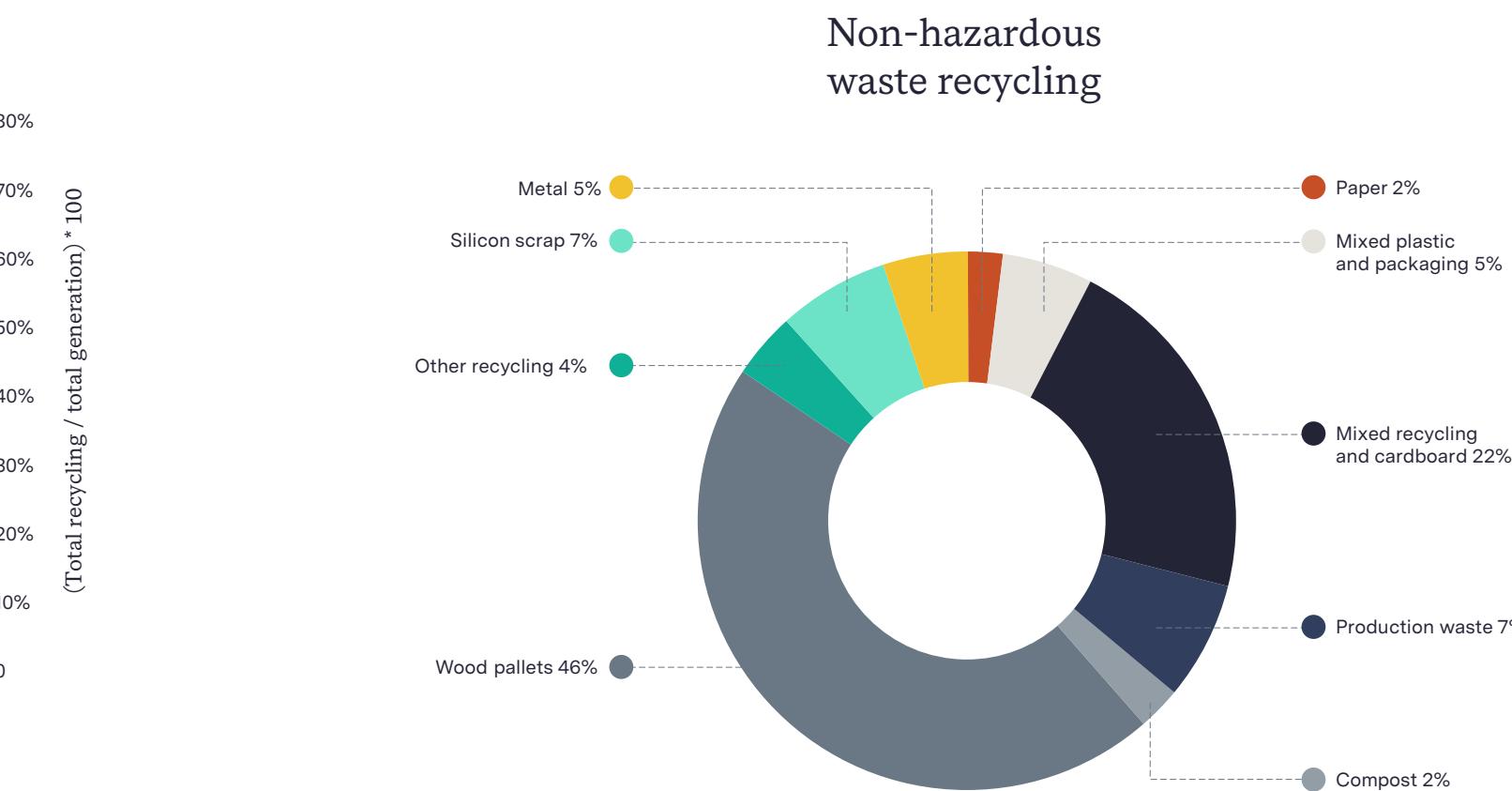
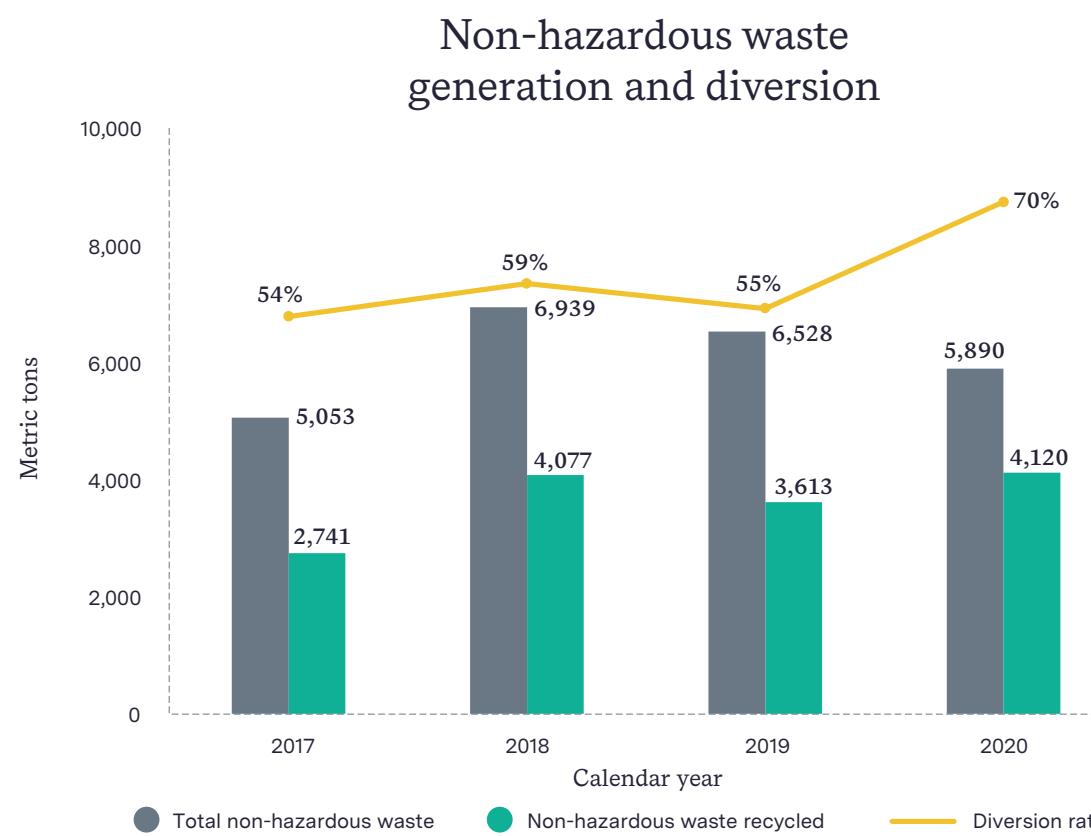
As part of our 2025 environmental goals, we audited non-hazardous waste in 2020 to gain greater understanding of our waste streams and establish a goal for reduction. The audit results provided insights into key opportunities to eliminate waste, improve our recycling efforts, and repurpose specific materials. With this new data, we are working to set a new long-term target for 2025.

In 2020, we decreased our non-hazardous waste generation — primarily because of the decreased onsite personnel in response to

COVID-19 restrictions. We achieved a 70% diversion rate globally, an increase over 2019 due to a recategorization of non-hazardous wastewater to offsite wastewater treatment³.

Non-hazardous waste highlights

- 5,891 metric tons of non-hazardous waste
- 10% decrease over 2019
- 70% diversion rate



³. Starting in 2020, we aligned with the Sustainability Accounting Standards Board (SASB) framework and excluded the non-hazardous wastewater disposed or recycled off-site in our overall diversion rate for non-hazardous waste. Any non-hazardous wastewater is now reported under wastewater management.



Hazardous waste

We increased hazardous waste generation in 2020, primarily due to the process wastewater generated from our Austria and Ohio facilities which are disposed at an off-site treatment facility. 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 to ensure responsible handling of these hazardous wastes and prioritize treatment and recycling.

Hazardous waste highlights

2,415 metric tons of hazardous waste
14% increase over 2019
0.005% hazardous waste to landfill

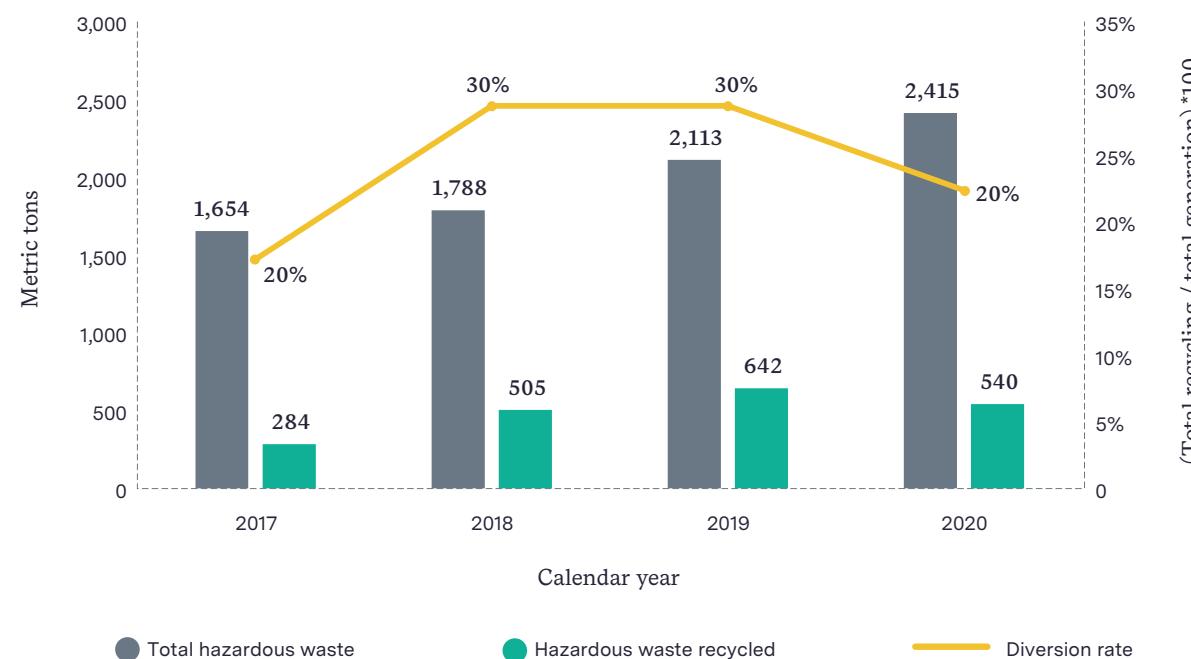
As part of our 2025 goals, we committed to achieve zero hazardous waste to landfill. In 2020, we made progress by working directly with our hazardous waste disposal vendors to seek out alternative disposal methods such as thermal treatment or waste-to-energy. This resulted in disposing only 0.005% (or 0.1 metric ton) of our total global hazardous waste generated to landfill, as compared to 1.10% in 2019.

We diverted most of our hazardous waste to offsite wastewater treatment and recycling. Common recycling methods are fuel blending,

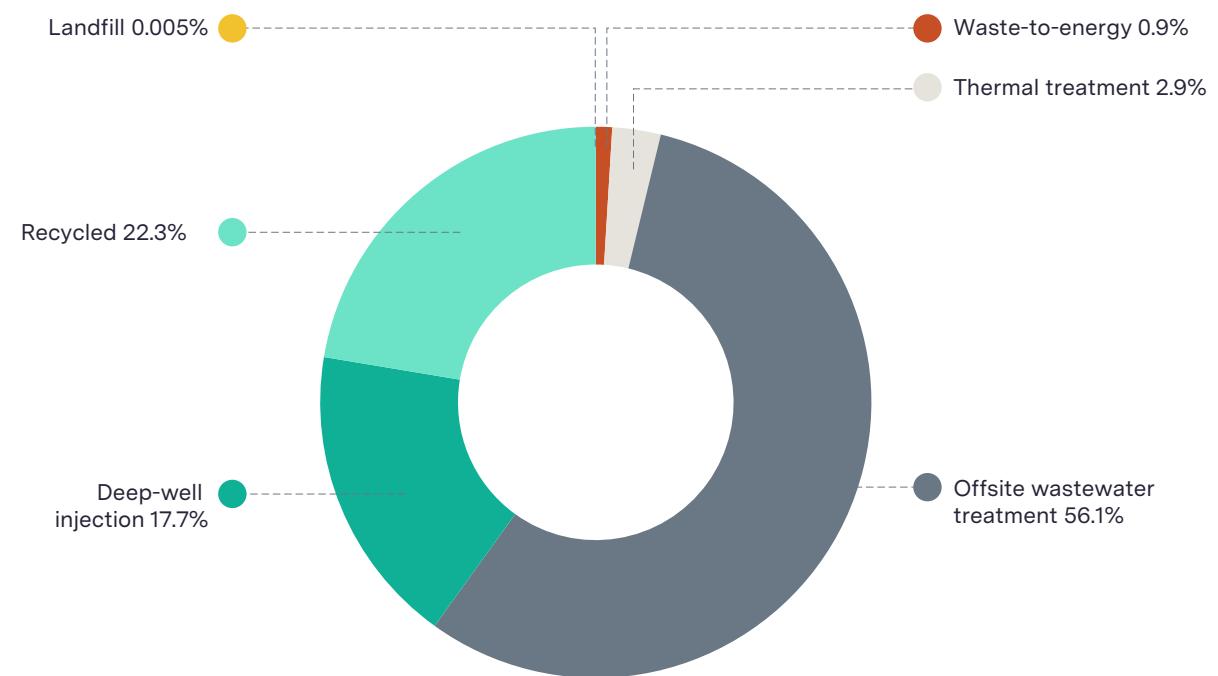
solvent recovery, and metal recycling. Other hazardous wastes were disposed to either deep-well injection or off-site wastewater treatment.

As part of our due diligence, we continue to partner 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). The CHWMEG's comprehensive audit is an integral part of our TSDF selection and risk assessment process.

Hazardous waste generation and diversion



Hazardous waste disposal





Chemical management

In 2020, we enhanced our chemical information management system (CIMS) training modules to promote accountability and ownership. The new modules provide better guidance to all employees on how to submit and expedite approval of their chemical requests, as well as how to access and update their own chemical inventory in the CIMS portal.

We also implemented new EHS design requirements for new construction and operations, including the greenfield facilities in Malaysia and South Korea. These EHS standards include secondary containment of chemicals, spill prevention control (i.e., safe valves, sumps, leak detection), prohibition of direct buried chemical tanks and pipes regardless of controls, fall protection tie-off points, and confined space safety features.

Water management

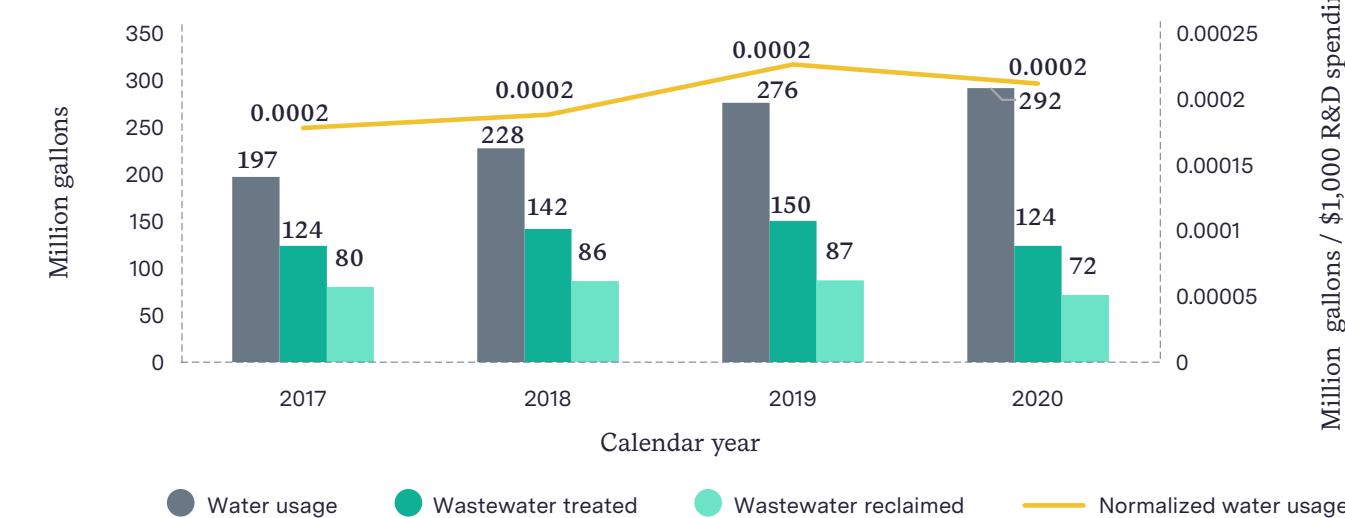
We understand the criticality of water, especially in areas of the world where water scarcity is an issue, so we work to manage our water use and industrial wastewater responsibly with a localized approach across our footprint. This may include upgrading equipment to more efficient models and installing onsite water treatment systems to reuse water for other purposes.

Water use

Water stewardship is an important component of our overall environmental impact, as we consume water for tool testing and manufacturing of silicon parts, general facilities, industrial cooling, and domestic usage. We track and monitor our water use on a site-by-site basis. In 2020, the total water use from our primary manufacturing and office locations increased. Primary contributors include expanded operations at our Ohio manufacturing sites and start-up operations at our new site in Malaysia.

As part of our 2025 environmental goals, we set a goal to achieve 17 million gallons of water savings in water-stressed areas through water efficiency projects. In 2020, we made progress towards that goal by achieving 7.2 million gallons of water savings through the addition of water reduction units on the new point-of-use abatement systems installed at our facilities in California.

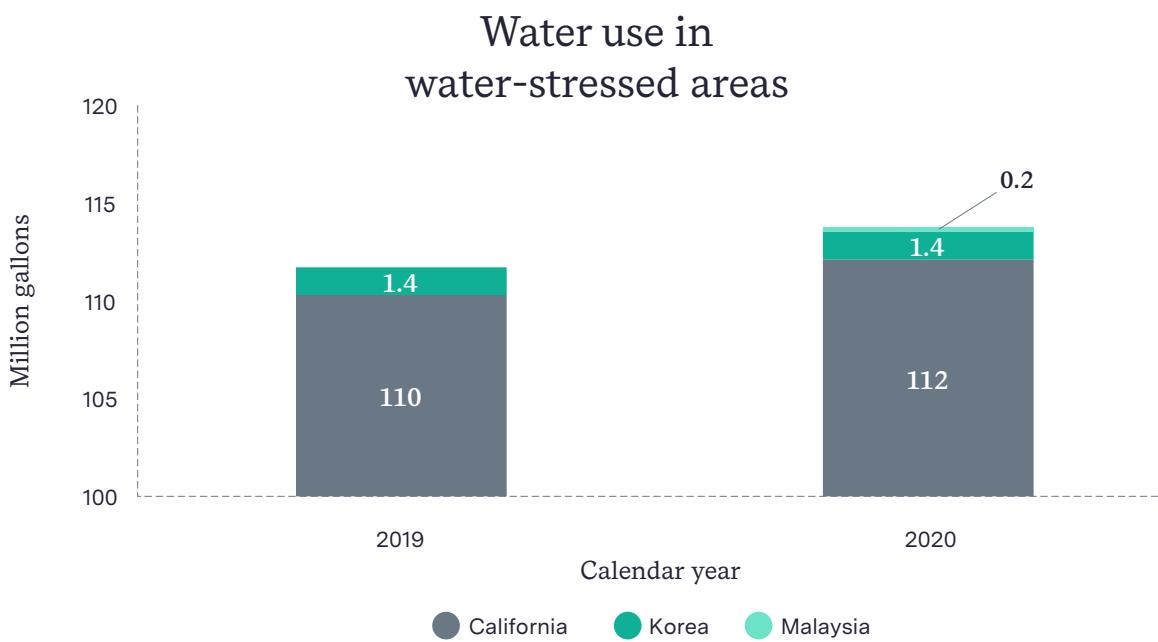
Water use, treatment, and reclamation



Water use highlights

- 292 million gallons** of total water usage
- 6%** increase over 2019
- 39%** of usage occurs in water-stressed areas
- 7.2 million gallons** of water savings





Wastewater management

To be a good steward in our communities, we monitor our industrial wastewater in accordance with local regulatory requirements. Beyond wastewater, we also implement best management practices to control our stormwater discharges. Our Tualatin, Oregon facility also reclaims treated process wastewater, using 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. Approximately 72 million gallons of wastewater were reclaimed at this site last year, which represents 58% of the wastewater treated on-site at our global facilities.

In 2020, our Ohio facilities generated 0.46 million gallons of non-hazardous wastewater containing less than 5% glycol. The glycol is recovered by a third-party, and the treated wastewater is discharged to the local sewer.



Tualatin, Oregon facility

Facility managers and employees in Tualatin continue to demonstrate environmental leadership by spearheading a variety of initiatives addressing energy, water, and biodiversity, including:

- Completing 17 energy use reduction projects, resulting in significant incentives from the Energy Trust of Oregon, a non-profit that encourages energy efficiency
- Releasing 75,000 ladybugs as a natural aphid control method to protect the Linden trees around the building
- Planting Oregon native plant species to support bees and stop their decline
- Installing smart irrigation controllers, leading to more efficient irrigation, and reducing water use
- Controlling invasive blackberry thickets with goats, eliminating the use of mowers and pesticides
- Recycling the wood pruned from our hazel trees into materials for a local artisan



“We get excited when we try something that is new, unique to Lam, or has a visible impact. We have now had enough success that folks in Tualatin go out of their way to broaden our scope and help us achieve the ESG goals.”

John Niggley,
Tualatin Facilities Manager,
Tualatin, OR

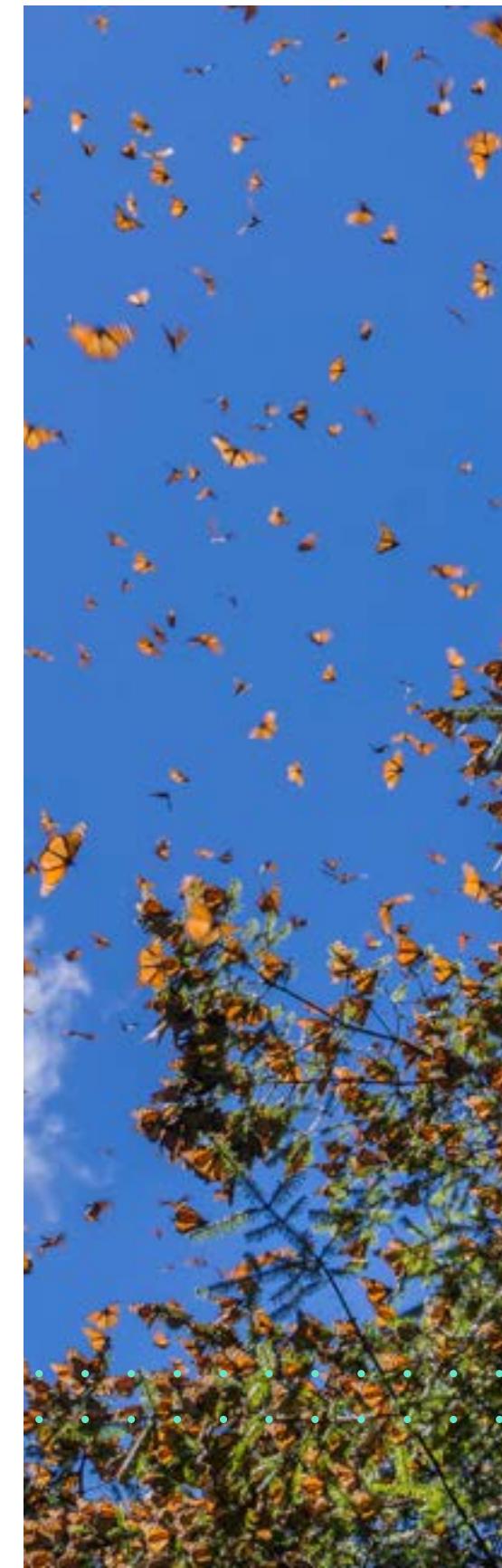


Promoting sustainability through our people

We engage employees and work collaboratively to manage our impact on the planet as part of our ongoing commitment. Our employees around the world take action to protect biodiversity, such as planting specific flowers and trees to protect pollinators around our Austria, Oregon, and Taiwan facilities.

In 2020, we launched our Employee Environmental Stewardship Award to recognize outstanding group and individual contributions towards environmental protection and conservation either at Lam or in our communities. Our winners:

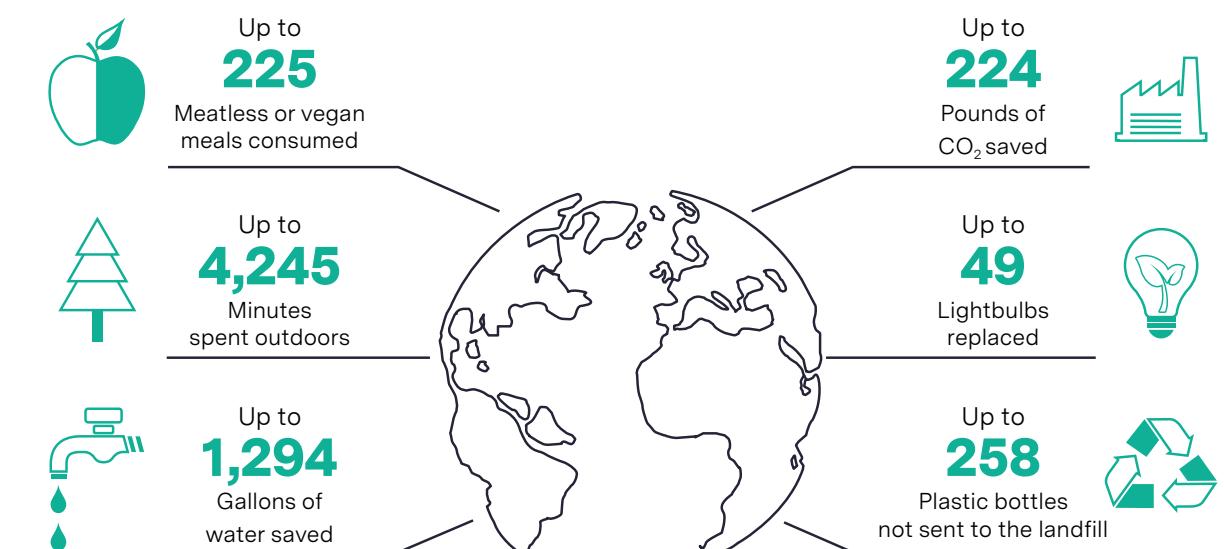
- Greg Novacek, Technical Program Manager, Livermore, CA won the individual award. He has volunteered for the Arnold Rim Trail Association as a Trail Director for four years.
- Our team award went to the “Be Friends with Butterfly” team in Taiwan. The group partnered with the Butterfly Conservation Society of Taiwan to organize a lecture for employees to learn about butterfly conservation, and an employee volunteer event to plant beneficial flower species for native butterflies.



Earth month EcoChallenge

Employees around the world participated in the Earth Month EcoChallenge, a 30-day online program designed by Ecochallenge.org to encourage sustainable practices. Employees commit to a variety of practices at work or at home that can positively impact the environment, our communities, and ourselves. “Through programs such as EcoChallenge we emphasize that every action contributes to a positive, collective impact and a sustainable future for all,” stated Jami Haaning, Senior Manager of ESG, Oregon.

Lam employee EcoChallenge impact





OUR COMMUNITIES

06 We invest *in our communities*

We believe that our world needs to work for all of us, so we aim to make a positive impact in our communities through financial support, time, and expertise. The events of 2020 created additional hardships for many of our neighbors, and we responded swiftly with a \$7 million commitment for global relief and recovery.





We also continued to support existing education and community programs to make a lasting impact in our communities. To maximize the long-term effect of our efforts, the Lam Research Foundation focuses on two areas of giving: K-12 Science, Technology, Engineering, and Math (STEM) education, and quality of life. Our social impact programs include community grantmaking, employee gift matching, volunteer activities, and scholarships.



Accomplishments

Committed \$7 million to support our communities through the COVID-19 pandemic
Contributed \$3.6 million in support for non-profit organizations outside of our COVID-19 response
Directed \$1 million to support social justice initiatives



Community goals

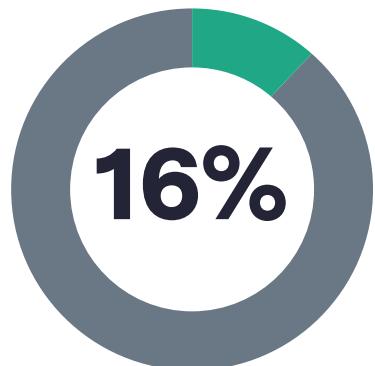
In 2020, we set goals³ to guide our work and aim to achieve them by 2025:

- Determine key targets for larger scale impact aligned to a new strategic focus
- Implement measurement of outcomes for key program and large-scale grants
- Increase community program unique employee participation rate from 10% to 30%
- Increase volunteer hours by 33%

3. These goals do not include COVID-19 grant making.



Giving at Lam



Employee participation



\$600K
Cumulative
donations via
Employee Inspire
Together grant
program



\$106K
Core Values
Scholarships
distributed



\$1.65M
Employee
matching
gifts



1,640
Organizations
served



\$3.6M*
Total Lam
donations



**Nearly
12,000**
Employee hours
volunteered



\$5.1M
Deployed for
COVID-19 grants,
matching gifts,
and PPE support

*Does not include COVID-19 related support



K-12/STEM education

Advancing student achievement in STEM education contributes to economic development in our communities and provides access to the possibilities of technology. We provide grants and volunteer support to K-12 and university STEM-related initiatives. Our grant program focuses on inspiring interest in STEM education, addressing gender and achievement gap challenges, supporting secondary education preparedness, and addressing education needs in underserved communities.

We are driven to help students learn and build their future, and in 2020, provided \$1.3 million⁵ specifically for STEM education to non-profits, schools, and other education-related organizations.

- Since its creation, we have supported the Hispanic Foundation of Silicon Valley's Latinos in Technology program, which awards scholarships to Latinx college juniors and seniors who have declared a major in a STEM-related field. Scholars can also take advantage of summer internship programs and career coaching opportunities. As of December 2020, the program has served nearly 400 college students.
- We continued our relationship with Girls, Inc. and their Eureka! Program, enabling 8th through 12th grade girls in underserved communities to explore STEM fields. Program support included a virtual dashboard of resources including videos, virtual equipment demos, and lab tours.



- We continue to contribute funding for Taiwan's National Science and Technology Museum's robotics and coding programs for elementary and junior high school students from remote and disadvantaged areas.
- In January 2020, students of Shri Sharada Vidya Mandir were invited to experience life at Lam India. Activities included presentations and career guidance sessions designed to inspire thought about different career choices.
- On behalf of our subsidiary, Silfex, we supported the Springfield, OH High School STEM Learning Academy, which offers STEM education programs to its student body of more than 1800 students at all four high school grade levels.

Quality of life

We create positive impact in communities around the world by contributing to local, national, and international organizations that support critical needs such as food and water security, health improvement, disaster relief, and aid for disadvantaged children and senior citizens. In addition to our COVID-19 grants, we supported our existing non-profit partners with \$1.4 million⁵ in grants to further quality of life in our communities.



- As a long-time supporter of the Heart & Soles Run, we collaborated with the Silicon Valley Leadership Group Foundation to take the event virtual. Hundreds of participants proudly wore their race jerseys and went for a walk, run, or jog on their own to benefit local youth health and wellness programs.
- Lam Singapore supported the Singapore Children's Society annual "Walk for Our Children" to benefit programs and services for vulnerable youth. Employees also joined in to help fund dinner for two months for 100 children and families during the Dinners From our Hearts fundraising program.

- We provided funding for medical expenses and other needs for underprivileged childhood cancer patients through our support of the Korea Childhood Leukemia Foundation.



- In response to the devastating wildfires in California and Oregon, we responded with grants to American Red Cross Bay Area Chapter for those affected by fires in California, and Red Cross Cascades Region for those affected in Oregon.
- Lam Taiwan supported Andrew Food Bank's food distributions programs with financial and volunteer support.

Scholarships

Our long-standing Core Values Scholarship program is a point of pride for us, as it supports graduating high school seniors who maintain impressive academic records, exhibit leadership and community involvement, and consistently demonstrate our Core Values. Now in its 17th year, the scholarship program has awarded more than \$1.2 million to 128 students.



Employee giving and volunteering

Employee giving programs – gift matching for monetary donations, volunteer opportunities, donations for volunteer time, and employee-sponsored grants – amplify our employees' impact as they contribute to the causes they care most about. Through these programs, we were able to engage employees and our communities this year despite the pandemic.

- On National STEM Day, we held our annual Manufacturing Day event in Oregon, hosting it virtually for more than 100 high school students. Employees provided insights into the semiconductor equipment manufacturing industry, shared their career journey, and gave students a peek into our operations via a live-stream equipment installation.
“Manufacturing is a more enticing field than I had previously believed,” said one inspired student. “It’s a field that is exponentially expanding, with opportunities to travel all over the world to fix tools and get training.”
- Employees in Korea held a virtual Lam Tech Talk at the Korea Advanced Institute of Science and Technology coupled with the donation of over 100 textbooks to encourage and inspire the next generation of engineers.
- Lam Taiwan, together with the Tse-Xin Organic Agriculture Foundation, held a tree planting event in Shazhu Bay, Jinshan, New North City to support the sustainability of the coastal ecology. By cultivating sound shoreline forests we curb the retreat, and support the long-term maintenance of this ecology.
- Deliver Joy, our holiday giving campaign, continued in 2020 through the creativity of our employees with donated gifts and food, recorded storybook readings for hospitalized children, and playhouse builds for local parks.
- Through our Inspire. Together grant program, employees nominate a non-profit organization to receive a grant. Since its inception in 2017, the program has generated \$600,000 for community organizations.



Generosity of our people

In support of our employees through the pandemic, we gave each employee, below the director level, a one-time payment of \$1,000 (or the globally scaled equivalent). Employees could use the funding for their own needs or distribute it where they could make an impact. Many employees chose to use the gift to support others. Read more about our support for employees during the COVID-19 crisis in our Workplace chapter.

- Larry Smurthwaite, Engineering Technician, Tualatin, OR gave his grant to an owner-operated small business that had to close its doors due to restrictions.
- Manish Pillai, Senior Expeditor, India, helped a friend who had been laid off and donated to the United Way.
- Shuang Fei He, Field Service Engineer, China, supported his parents through tough financial times.
- Padma Gopalakrishnan, Senior Technical Program Manager, Fremont, CA helped her children establish a scholarship fund for refugees.
- Hou Litao, Staff Supplier Engineer, Singapore, donated to a local food pantry.





Global COVID-19 relief and recovery efforts

As part of our \$25 million commitment for global COVID-19 relief and recovery efforts, we designated \$7 million for assistance in communities where we live and work. Funds were localized to each community's specific needs, such as food security, shelter, education, personal protective equipment for local hospitals as well as longer-term recovery efforts. This included a 2-for-1 matching gift campaign for employee monetary donations to eligible COVID-19 relief programs. More than 200 organizations were supported through this campaign in 2020, and our commitment continues into 2021. Our donations included:



- Laptops for over 1,400 students in South Korea
- Monthly food boxes to support 150 Taiwanese families
- 7,500 meals for isolated, homebound seniors in Portland, OR
- PPE/medical supplies for critical needs across Europe



- 5,000 PPE kits for healthcare workers across Karnataka, India
- Laptops, internet access, and support to address the digital divide in Oakland, CA
- Computers, headphones, cameras, and Wi-Fi for hundreds of students in Livermore, CA



- PPE for the Sagamihara-Minami Children's Home in Japan
- Nearly 2,000 thank-you packages for female medical workers in Hubei Province, China and support for 13 children whose parents were front-line workers and lost their lives due to the pandemic
- 850 food boxes weekly for ten weeks for vulnerable Tigard-Tualatin, OR School District families



- Funding for local food bank programs in Clark, Champaign, and Madison Counties in Ohio
- Employee fundraising for meals supporting youths from the Singapore Children's Society
- 4,800 medical-grade N95 masks for public hospitals in Singapore via the Ministry of Health

"Every community around the world has been impacted by the spread of COVID-19. The magnitude of these impacts has challenged every aspect of our lives – health care, school systems, and economies of every size. Supporting our employees and our communities is a core part of who Lam is as a company"

Tim Archer, President and CEO

Slowing the spread of COVID-19



A voluntary team of 13 engineers from Lam Research India collaborated with 5 local doctors to find solutions to challenges associated with COVID-19 testing. The team designed the Suraksha Kiosk, an innovative sample collection kiosk that provides a protective physical barrier between the health professional and the patient. The kiosk, named after the Hindi word for safety or protection, was then built by a local manufacturer, all in less than one month.

The Minister of Medical Education, Government of Karnataka inaugurated the first kiosk. Realizing the benefits of the kiosk, the Department of Medical Education requested more Suraksha kiosks for city hospitals and entry points, which we helped fund. To further the impact of their work, the design is an open-source publication on surakshakiosk.com.

"This kiosk will revolutionize the way we collect samples, and the increase in the number of samples collected will lead to more tests in a day hence increasing the detection of disease," said Dr. Arjun Bhugra MBBS (Microbiology), one of the doctors on the team. "The uniquely designed kiosks protect frontline healthcare workers," said Dr. K Sudhakar, Minister of Medical Education for the Government of Karnataka. "I would like to thank Lam's volunteers and its ESG team for stepping forward to help the community in this time of dire need."



Standing for social justice

Acts of racial discrimination and violence go against everything we stand for at Lam. Our vision for our company and society is that every person feels valued, respected, and empowered to achieve their full potential — regardless of race, ethnicity, gender, age, national origin, religion, or sexual orientation. Our sadness, anger, and frustration over the incidents of racial injustice in 2020 incited us to take action. We pledged \$500,000 to support initiatives fighting social injustice and allocated \$500,000 from our COVID-19 Relief and Recovery Fund to the Black communities that have been disproportionately affected by the pandemic. We partnered with our Community of Latinos and African Americans for Student Success (C.L.A.S.S.) employee resource group to identify the organizations to receive our support.

We directed funding to four outstanding non-profits:

- **The Center for Policing Equity (CPE)** - A non-profit think tank made up of research scientists as well as race and equity experts. The organization works with police departments across the U.S. using data to address discriminatory practices. CPE is now creating “COMPSTAT for Justice,” a process to aggregate and analyze data with a goal of empowering police departments and communities to collaborate on strategies for accountability, reduction in racial disparities, and development of shared values of fairness.
- **The Equal Justice Initiative (EJI)** - A legal-aid organization whose mission is to end mass incarceration, excessive punishment, and racial inequality. EJI’s areas of focus include criminal justice reform, protection for children from abusive treatment in the adult criminal justice system, and public education addressing racial justice. Their work includes the Community Remembrance Project that chronicles the history of racial injustice.

- **UNCF** - A leading advocate for minority education, established an emergency fund to provide their partner historically black colleges and universities (HBCUs) with critical resources for students who are facing increased financial hardship as a result of COVID-19. Support includes laptop computers, broadband for access to online learning, shelter, meals, basic essentials, and other necessities for students unable to return home.
- **iUrbanTeen** - A community organization that aims to inspire underrepresented youth to become tomorrow's business and technology leaders. They provide career-related education for underrepresented teens in cities across the U.S., including tech immersion events, STEM and arts training programs and camps, and mentoring and internship opportunities. In response to the COVID-19 pandemic, they created MindStream, a free online learning platform for homebound teens.

Although we're proud to make these monetary contributions, our work doesn't stop here. We continue to influence positive changes within communities and our workplace. Read more about our commitment to inclusion, diversity, and equity in our Workplace chapter.

“The ripple effect of COVID-19 has the potential to prevent students from continuing their education. UNCF is grateful for this support that will provide a pathway for students to continue on their journey to attain a college degree. Gifts like these affirm our motto that a mind is a terrible thing to waste, but a wonderful thing to invest in.”

• • •
• • • Dr. Michael L. Lomax,
• • • President and CEO, UNCF.
• • •



07

APPENDIX





2020 Performance summary

Performance Area	2020	YOY Change	2019	2018
Business and Governance				
Number of full-time employees (Approximate)	12,228	14%	10,750	10,950
Revenue ¹	\$10.0B	3.1%	\$9.7B	\$11.1B
R&D spend (as percentage of operating expenses)	\$1.3B (63%)	0.0%	\$1.2B (63%)	\$1.2B (61%)
Products and Customers				
Total number of installed base chambers (Approximate)	66,000	8%	61,000	56,000
Workplace				
Gender Representation				
Percent of employee population identifying as female (Global)	18.6%	5%	17.7%	17.0%
Percent of employee population identifying as female (U.S.)	21.3%	4%	20.4%	19.5%
Percent of new hires identifying as female (Global)	23.9%	n/a	-	-
U.S. Ethnicity				
White	50.5%	-	51.4%	-
Asian	30.9%	-	30.8%	-
Hispanic or Latino	6.6%	-	6.1%	-
Two or more races	2.2%	-	1.9%	-
Black or African American	2.1%	-	1.9%	-
Native Hawaiian or other Pacific Islander	0.5%	-	0.5%	-
American Indian or Native Alaskan	0.3%	-	0.3%	-
Not stated	6.9%	-	7.1%	-
Employee Engagement, Recruitment, and Retention				
Employee engagement score (Tech sector benchmark 74)	80	8%	74	-
Total new hires (Global)	2,067	190%	712	1,551
Number of internal promotions	1,626	19%	1,370	-
Total number of training courses	4,700	55%	3,042	1,854
Education reimbursement for U.S. employees	\$1.65M	-2%	\$1.68M	\$1.36M ²
Employee retention rate	95% ³	4%	91%	93%
Average service years	7.7	-4%	8	7.3
Safety				
OSHA recordable incident rate	0.25	-24%	0.33	0.29
Risk Management by Walking Around (RMBWA) reviews	170,000	-15%	200,438	191,822

Performance Area	2020	YOY Change	2019	2018
Responsible Supply Chain				
Total number of supplier families	1,459	-	-	-
Percent of spending on local suppliers (N. America)	49%	-	-	-
Total number of diverse suppliers	25	525%	4	-
Total spending on diverse suppliers	\$75.5M	123%	\$34.0M	-
Sustainable Operations				
Energy and Climate				
Energy consumption (Million kWh)	351	6%	330	254
Percent renewables (U.S.)	30%	-6%	32%	33%
GHG emissions scopes 1 and 2 market-based (MT CO ₂ e)	113,482	-4%	118,458	91,441
Scope 1 emissions (MT CO ₂ e)	37,599	4%	36,162	27,415
Scope 2 emissions location-based (MT CO ₂ e)	87,170	4%	83,513	65,137
Scope 2 emissions market-based (MT CO ₂ e)	75,884	-8%	82,296	64,026
GHG emissions scope 3 (MT CO ₂ e) ⁴	2.9M	n/a	23,055	28,968
Volatile organic compounds (Metric tons)	107	n/a	-	-
Waste				
Hazardous waste diversion rate	20%	-33%	30%	28%
Non-hazardous waste diversion rate	70%	27%	55%	59%
Water				
Water usage (Million gallons)	292	6%	275	228
Water usage in water-stressed regions (Million gallons)	114	n/a	-	-
Ultra-pure water usage (Million gallons)	120	n/a	n/a	-
Number of environmental fines	2	200%	0	1
Community				
Total giving by the Lam Research Foundation	3.6M	6%	3.4M	3.7M
COVID-19 Relief and Recovery Fund giving	5.1M	n/a	-	-
Employee volunteer hours	~12,000	-10%	13,400	11,321
Employee matching gifts (Thousands)	\$1.65M	41%	\$971K	811K
Number of charity organizations supported	1,640	-28%	1,936	1,154

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

2. These data points do not include Silfex, Ohio operations.

3. Retention rate is calculated as the inverse of attrition.

4. We undertook a full inventory of our scope 3 emissions for calendar year 2019. Previous years included emissions from business travel only.





About this report

Lam Research Corporation published this report to provide an overview of our company's products, services, and operations related to ESG performance. This report covers calendar year 2020, with some exceptions noted, including financial data that is Lam's fiscal year (July 1, 2019 to June 28, 2020). The report encompasses our wholly owned subsidiaries across the globe, with some data 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.

We are also reporting in alignment with the Sustainability Accounting Standards Board (SASB) Standard for the Technology and Communications Sector: Semiconductor Industry. This alignment is detailed in the SASB index.

We have noted any significant changes in scope and boundary throughout the report that may vary from our 2019 report, published in 2020. External assurance is limited to financial data from the consolidated financial statements in our 2020 Annual Report on SEC Form 10-K. This ESG report has been reviewed by the Compensation and Human Resources Committee and the Nominating and Governance Committee of our Board and has been reviewed and approved by our president and CEO.

For more information about our corporate governance, please reference our [Proxy Statement](#).



GRI index

102 - General Disclosures	
102-1 Name of the Organization	Lam Research Corporation
102-2 Activities, brands, products, and services	ESG Report: Business and Governance - p 2 ESG Report: Products and Customers - p 17 For additional information: https://www.lamresearch.com/products/products-overview/
102-3 Location of headquarters	ESG Report: Business and Governance - p 12 For additional information: https://www.lamresearch.com/company/locations/
102-4 Location of operations	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 Global Select Market SM under the symbol LRCX.
102-6 Markets served	Lam is a trusted, collaborative partner to the world's leading semiconductor companies.
102-7 Scale of the organization	ESG Report: Business and Governance - p 12 ESG Report: Workplace - p 27 Total number of employees: 12,200
102-8 Information on employees and other workers	ESG Report: Business and Governance - p 2 ESG Report: Workplace - p 32
102-9 Supply chain	ESG Report: Supply Chain - p 45
102-10 Significant changes to the organization and its supply chain	In 2020, Lam began building a technology center in South Korea. In 2020, Lam opened a new manufacturing facility in Malaysia.
102-11 Precautionary Principle or approach	As a signatory of the United Nations Sustainable Development Goals, Lam affirms Principle 15 of the 1992 Rio Declaration that states, "...where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."
102-12 External initiatives	ESG Report: Business and Governance - p 3 ESG Report: United Nations Sustainable Development Goals - p 3 ESG Report: Taskforce for Climate-related Financial Disclosure - p 9
102-13 Membership of associations	ESG Report: Business and Governance - p 6 Center for Corporate Innovation, East Bay Foundation, National Association of Manufacturers, Responsible Business Alliance, SEMI, Semiconductor Industry Association, Silicon Valley Community Foundation, Silicon Valley Leadership Group, Tualatin Chamber of Commerce, and Watermark.
102-14 Statement from senior decision-maker	ESG Report: CEO Letter - p 1
102-15 Key impacts, risks, and opportunities	ESG Report: Business and Governance - p 5
102-16 Values, principles, standards, and norms of behavior	ESG Report: Business and Governance - p 3 ESG Report: Workplace - p 29
102-17 Mechanisms for advice and concerns about ethics	ESG Report: Business and Governance - p 14

102-18 Governance structure	Proxy Statement 2020 - p 9-15
102-19 Delegating authority	Proxy Statement 2020 - p 14-15
102-20 Executive-level responsibility for economic, environmental, and social topics	Corporate Vice President of Corporate Communications and Chief Communications Officer
102-21 Consulting stakeholders on economic, environmental, and social topics	ESG Report: Business and Governance - p 6
102-22 Composition of the highest governance body and its committees	Proxy Statement 2020 - 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 2020 - p 9-15
102-25 Conflicts of interest	Proxy Statement 2020 - p 63
102-26 Role of highest governance body in setting purpose, values, and strategy	ESG Report: Business and Governance - p 7
102-27 Collective knowledge of highest governance body	Proxy Statement 2020 - p 9-15
102-28 Evaluating the highest governance body's performance	Proxy Statement 2020 - p 9-10
102-29 Identifying and managing economic, environmental, and social impacts	ESG Report: Business and Governance - p 5
102-30 Effectiveness of risk management processes	10-K 2020 - p 14-27
102-31 Review of economic, environmental, and social topics	ESG Report: Business and Governance - p 7
102-32 Highest governance body's role in sustainability reporting	ESG Report: Business and Governance - p 7
102-33 Communicating critical concerns	Critical concerns are elevated to the Board of the Directors by the executive management team.
102-35 Remuneration policies	Proxy Statement 2020 - p 21-51
102-36 Process for determining remuneration	Proxy Statement 2020 - p 21-51
102-37 Stakeholders' involvement in remuneration	Proxy Statement 2020 - p 21-51
102-38 Annual total compensation ratio	Proxy Statement 2020 - p 21-51
102-39 Percentage increase in annual total compensation ratio	Proxy Statement 2020 - p 21-51
102-40 List of stakeholder groups	ESG Report: Business and Governance - p 6





GRI index (Continued)

102-41 Collective bargaining agreements	No collective bargaining agreements
102-42 Identifying and selecting stakeholders	ESG Report: Business and Governance - p 6
102-43 Approach to stakeholder engagement	ESG Report: Business and Governance - p 6 Creating an inclusive world involves valuing all perspectives and seeking insight from a variety of stakeholders. We regularly engage our key stakeholders in a spirit of collaboration and trust, seeking their feedback on ESG issues, and considering their perspectives when developing and managing our ESG objectives. Our engagement with stockholders on ESG topics continues to grow. It is a standard agenda item for our top stockholder meetings and in 2020, we met with 15 stockholders holding approximately 30% of our shares outstanding.
102-44 Key topics and concerns raised	ESG Report: Business and Governance - p 5
102-45 Entities included in the consolidated financial statements	10-K 2020 - p 60
102-46 Defining report content and topic boundaries	ESG Report: About this Report - p 75
102-47 List of material topics	ESG Report: Business and Governance - p 5 To ensure the salience of our ESG strategy, we conduct a materiality assessment every three to five years, or when notable shifts happen in our business. In 2018, we conducted a full materiality assessment in accordance with both SASB and GRI standards. 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 ESG program according to data provided by third-party ratings organizations. This assessment identified 13 priority topics which we consolidated into 6 categories, which inform our key strategies and overall ESG framework. We use this framework to drive our ESG programs, set our goals, and guide our disclosures.
102-48 Restatements of information	Per guidance in the GHG Protocol, we re-calculated our GHG emissions for the baseline year 2019 to include the leased offices world-wide. This resulted in a 6.3% increase in our overall scope 1 and 2 (market-based) emissions in 2019 from 111,479 MTCO2e to 118,480 MTCO2e. Starting in 2020, we aligned with the Sustainability Accounting Standards Board (SASB) framework and re-classified any waste sent for waste-to-energy (WTE) as non-recycling.
102-49 Changes in reporting	No changes in reporting.
102-50 Reporting period	January 1, 2020 - December 31, 2020
102-51 Date of most recent report	July 2020
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	esg@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 2020 Annual Report on Form 10-K.
Economy	
103 - Management Approach to Economy Topics	
103-1 Explanation of the material topic and its boundary	ESG Report: Business and Governance - p 5 ESG Report: About this Report - p 75
103-2 The management approach and its components	ESG Report: Business and Governance - p 2-16 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. Our global expansion includes regions where there are differing governmental structures, wide-ranging regulatory environments, and bribery and corruption challenges. It has been a priority to enhance our risk management program in light of our expansion. 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 and in other public communications. We 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. 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 and interpreters are available via phone. 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.
103-3 Evaluation of the management approach	ESG Report: Business and Governance - p 2-16
201 - Economic Performance	
201-1 Direct economic value generated and distributed	ESG Report: Business and Governance - p 11



GRI index (Continued)

201-2 Financial implications and other risks and opportunities due to climate change	ESG Report: Business and Governance - p 11 10-K 2020 - p 14-27	103-2 The management approach and its components	ESG Report: Business and Governance - p 2-16 ESG Report: Sustainable Operations - p 53-65
201-3 Defined benefit plan obligations and other retirement plans	<p>10-K 2020: p 87</p> <p>We offer a competitive 401(k) benefit, matching 50% of regular pre-tax contributions and/or regular Roth contributions on the first 6% of eligible pay that employees contribute to the plan. In 2020, 94% of our employees participated. Bonus incentives are also part of our benefits package, based on both individual and company performance. In 2020, 92% of our eligible employees received bonuses, which included a one-time appreciation bonus for on-site employees.</p> <p>Stock awards are offered to senior and other selected employees. In 2020, 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%.</p>		<p>We hold ourselves accountable for our commitment to mitigating our environmental impact by setting measurable long-term goals. We use policies and systems, certifications, assessments and audits, and employee training and engagement to help us reach these goals. The Corporate Vice President of Global Quality and EH&S is responsible for our environmental performance.</p> <p>Since 2013, all Lam manufacturing and R&D sites have been externally certified to be compliant with ISO International Organization for Standardization (ISO) 14001 certified, the recognized global standard for environmental management systems. We have two levels of environmental review:</p> <ul style="list-style-type: none">* The corporate EHS team conducts regular assessments and audits of business risks, standards conformance, regulatory compliance, and management system effectiveness across Lam's locations world-wide* Our executive management reviews the findings of these assessments and audits and ensures non-conformances are adequately addressed <p>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. Our integrated inventory system connects real-time inventory to procurement, usage conditions, and regulatory reporting for our chemical users, handlers, and planners. We use this system to continuously identify and implement safety controls and report the use and treatment of chemicals in accordance with government regulations across our footprint.</p>
203 - Indirect Economic Impact		103-3 Evaluation of the management approach	ESG Report: Sustainable Operations - p 55 ESG Report: Business and Governance - p 7-9
203-2 Significant indirect economic impacts	ESG Report: Communities - p 66-72	302 - Energy	
205 - Anti-Corruption		302-1 Energy consumption within the organization	ESG Report: Sustainable Operations - p 55-57
205-2 Communication and training about anti-corruption policies and procedures	ESG Report: Business and Governance - p 14-15	302-3 Energy intensity	ESG Report: Sustainable Operations - p 55-57
206 - Anti-Competitive Behavior		302-4 Reduction of energy consumption	ESG Report: Sustainable Operations - p 55-57
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions and \$0 fines as a result of anti-competitive behavior, anti-trust, and monopoly practices.	302-5 Reduction in energy requirements of products and services	ESG Report: Products and Customers - p 24
207 - Tax		303 - Water and Effluents	
207-4 Country-by-country reporting	United Kingdom: https://investor.lamresearch.com/static-files/0cf7213b-ce40-493a-b0f1-9e6ed46ada7f	303-1 Interactions with water as a shared resource	ESG Report: Sustainable Operations - p 63
Environment		303-2 Management of water discharge-related impacts	ESG Report: Sustainable Operations - p 64
103 - Management Approach to Environmental Topics		303-3 Water withdrawal	ESG Report: Sustainable Operations - p 63
103-1 Explanation of the material topic and its boundary	ESG Report: Business and Governance - p 2-16 ESG Report: About this Report - p 75	303-4 Water discharge	ESG Report: Sustainable Operations - p 63
		303-5 Water consumption	ESG Report: Sustainable Operations - p 63
		305 - Emissions	
		305-1 Direct (Scope 1) GHG emissions	ESG Report: Sustainable Operations - p 57-59



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305-2 Energy indirect (Scope 2) GHG emissions	ESG Report: Sustainable Operations - p 57-59
305-3 Other indirect (Scope 3) GHG emissions	ESG Report: Sustainable Operations - p 57-59
305-4 GHG emissions intensity	ESG Report: Sustainable Operations - p 57-59
305-5 Reduction of GHG emissions	ESG Report: Sustainable Operations - p 57-59
306 - Waste	
306-1 Waste generation and significant waste-related impacts	ESG Report: Sustainable Operations - p 61-62
306-2 Management of significant waste-related impacts	ESG Report: Sustainable Operations - p 61-62
306-3 Waste generated	ESG Report: Sustainable Operations - p 61-62
306-4 Waste diverted from disposal	ESG Report: Sustainable Operations - p 60-61
306-5 Waste directed to disposal	ESG Report: Sustainable Operations - p 61-62
307 - Environmental Compliance	
307-1 Non-compliance with environmental laws and regulations	In 2020, the global Lam sites had 34 regulatory agency inspections, including 24 health and safety inspections, and 10 environmental-related inspections. We received two environmental Notice of Violations (NOVs) and paid \$1,500 fines in total.
308 - Supplier Environmental Assessment	
308-1 New suppliers that were screened using environmental criteria	ESG Report: Supply Chain - p 51 We expect our suppliers to make every effort to reduce impact on the environment by meeting standards established by applicable environmental legislation.
Social	
103 - Management Approach to Social Topics	
103-1 Explanation of the material topic and its boundary	ESG Report: Workplace - p 28 ESG Report: Supply Chain - p 46 ESG Report: About this Report - p 75
103-2 The management approach and its components	ESG Report: Workplace - p 28-29 ESG Report: Supply Chain - p 47-48
103-3 Evaluation of the management approach	ESG Report: Workplace - p 30-35 ESG Report: Supply Chain - p 47-48 ESG Report: Business and Governance - p 7-9

401 - Employment	
401-1 New employee hires and employee turnover	New hires: 2,067 Turnover: 4.7%
403 - Occupational Health and Safety	
403-1 Occupational health and safety management system	ESG Report: Workplace - p 36-37
403-3 Occupational health services	ESG Report: Workplace - p 38-41
403-4 Worker participation, consultation, and communication on occupational health and safety	ESG Report: Workplace - p 36
403-5 Worker training on occupational health and safety	ESG Report: Workplace - p 36
403-6 Promotion of worker health	ESG Report: Workplace - p 38
403-9 Work-related injuries	ESG Report: Workplace - p 36
404 - Training and Education	
404-1 Average hours of training per year per employee	Average hours of training per employee: 51 hours
404-2 Programs for upgrading employee skills and transition assistance programs	ESG Report: Workplace - p 43-44
405 - Diversity and Equal Opportunity	
405-1 Diversity of governance bodies and employees	ESG Report: Business and Governance - p 7 ESG Report: Workplace - p 32-33
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	Lam is not aware of any operations or major direct suppliers in which right to freedom of association and collective bargaining (to the extent permitted under local laws) was at risk in 2020.
408 - Child Labor	
408-1 Operations and suppliers at significant risk for incidents of child labor	ESG Report: Supply Chain - p 50 Lam is not aware of any operations or major direct suppliers that were at significant risk for incidents of child labor in 2020.
409 - Forced or Compulsory Labor	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG Report: Supply Chain - p 50 Lam is not aware of any operations or major direct suppliers that were at significant risk for incidents of forced or compulsory labor in 2020. Lam respects human rights and is committed to adhering to humane business practices wherever the company does business, including complying with laws such as the UK Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010.



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411 - Rights of Indigenous Peoples	
411-1 Incidents of violations involving rights of indigenous peoples	Lam is not aware of any 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	<p>ESG Report: Supply Chain - p 50</p> <p>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. We monitor 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.</p> <p>Since 2012, we conduct annual due diligence of our suppliers to determine the sources of any conflict minerals that may be contained in our products. We updated our conflict minerals due diligence program to include responsible sourcing of cobalt in 2019.</p>
412-2 Employee training on human rights policies or procedures	ESG Report: Supply Chain - p 50
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	ESG Report: Supply Chain - p 50
413 - Local Communities	
413-1 Operations with local community engagement, impact assessments, and development programs	ESG Report: Community - p 66-72
414 - Supplier Social Assessment	

414-1 New suppliers that were screened using social criteria	<p>ESG Report: Supply Chain - p 48-51</p> <p>Lam values a diverse supply chain and is committed to selecting diverse suppliers that 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. Diversity is also included in our supplier scorecard, and we track and report spending with diverse direct material suppliers on a quarterly basis. We are using this data to facilitate a cross-functional approach to supplier diversity.</p> <p>We are a member of the SEMI (formerly Semiconductor Equipment and Materials International) Manufacturing Ownership Diversity Task Force that promotes and shares best practices for manufacturing ownership diversity (more commonly known as "supplier diversity.")</p>
415 - Public Policy	
415-1 Political contributions	<p>ESG Report: Business and Governance - p 15</p> <p>No financial and in-kind political contributions made directly or indirectly.</p>
418 - Customer Privacy	
418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	<p>ESG Report: Business and Governance - p 17</p> <p>In 2020, there were no substantiated complaints regarding or concerning material breaches of customer privacy and losses of customer data.</p>



SASB - Technology and communications - Semiconductors

Topic	Code	Accounting Metric	Disclosure
Activity Metrics	TC-SC-000.A	Total production	Approximately 5,000 chambers
	TC-SC-000.B	Percentage of production from owned facilities	All process modules are assembled, tested, and inspected for quality at Lam facilities.
GHG Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions (2) Amount of total emissions from perfluorinated compounds	(1) 37,599 MTCO2e (2) 11,424 MTCO2e
	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.	ESG Report: Sustainable Operations - p 57-59
Energy Management	TC-SC-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) 351 million kWh (2) 99% (3) 32%
Water Management	TC-SC-140a.1	(1) Total water withdrawn (2) Total consumed percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 292 million gallons (2) 39%
Waste Management	TC-SC-150a.1	(1) Amount of hazardous waste from manufacturing (2) Percentage recycled	(1) 2,415 metric tons (2) 22%
Employee Health and Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards.	ESG Report: Workplace - p 36-39
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	\$0 fine

Recruiting and Managing a Global and Skilled Workforce	TC-SC-330a.1	Percentage of employees that are: (1) foreign nationals (2) located offshore	(1) Not disclosed. (2) Not disclosed. Lam Research does not believe this is a material metric to our business due to our global footprint. A breakdown of employees by region and other material human capital metrics are available in ESG Report: Business and Governance - p 12 and ESG Report: Workforce - p 32-33.
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Not disclosed. Lam Research discloses information on our strategy and product value chains. We do not believe that percentage of revenue is a material metric to disclose.
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Not Applicable. Lam Research does not manufacture servers, desktops, or laptops.
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	ESG Report: Sustainable Operations - p 54-64 ESG Report: Supply Chain - p 46-49.
Intellectual Property Protection and Competitive Behavior	TC-SC-520a.1:	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	\$0 10-K 2020: p 89



References

[Annual Reports](#)

[Code of Ethics](#)

[Global Standards of Business Conduct](#)

[Community Relations](#)

[Environmental Social Governance](#)

[Lam Research](#)

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

[Products](#)

[Supply Chain Policies](#)

Credits

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

Contact information

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