



# Lam Research Corporate Social Responsibility Report 2017

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# Letter from Our CEO



In calendar year 2017, we continued our track record of outperformance, and with that success comes responsibility. At Lam, our [Core Values](#) underpin our commitments to sustainable growth and making a positive contribution to people and the planet. We are committed to responsible business practices and continuous improvement in our own operations, in our partnerships with our customers, and across our supply chain.

This report gives us the opportunity to share our workplace, community, and environmental initiatives that we see as critically tied to our business success. These initiatives include operating a safe and opportunity-rich workplace; supporting the communities where we operate; fostering careers, particularly in the science, technology, engineering, and math (STEM) disciplines; being mindful of our energy and environmental footprint; and encouraging our suppliers to meet our high standards and values. The foundation of our activities is a commitment to ethics, good governance, and responsiveness to all stakeholders.

## 2017 Achievements

In 2017, we made significant progress toward our corporate responsibility goals:

- **Increased our charitable giving:** Due substantially to matching donations made by our employees during our “Sharing Our Success” campaign, we contributed \$3.3 million to nearly 1,400 charity organizations, up from around 800 in 2016. Employee volunteer hours also increased by more than 50%.
- **Enhanced accountability in partnership with our suppliers:** We adopted industry best practices to ensure fair labor practices, responsible environmental stewardship, and effective workplace safety procedures;

enhanced our audit and training activities; and updated our global supplier code of conduct.

- **Focused on attracting and retaining talent:** We introduced several new areas of management and leadership training and we provided new graduates with strong onboarding, mentoring, and training programs.
- **Remained on track to meet our 2020 environmental goals:** We are reducing greenhouse gas (GHG) intensity for our manufacturing and research and development (R&D) operations and making energy efficiency upgrades at our facilities.
- **Maintained our excellent workplace safety record:** We had a recordable incident rate that was one-third the industry average due to our proactive prevention and awareness programs.
- **Shared our financial success with our employees:** In 2017, our bonus plan covered all employees.

These achievements are illustrative of our ongoing commitment to use our knowledge and resources to create positive change to support our stakeholders and improve our world.

Martin B. Anstice  
Chief Executive Officer



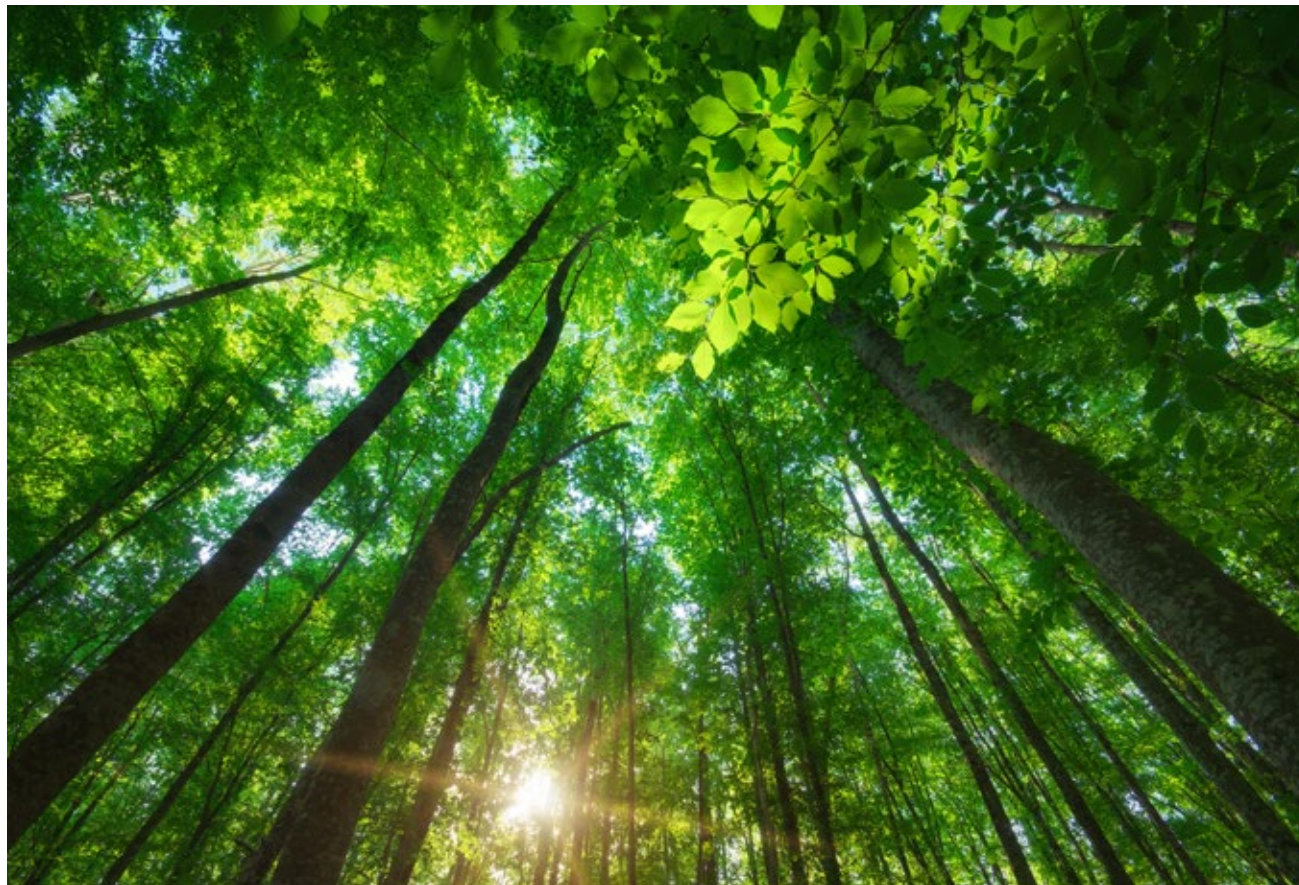
# About this Report

Lam Research Corporation has published this Corporate Social Responsibility (CSR) Report to provide an overview of the company's products, services, and operations related to environmental, social, and economic performance. This document covers calendar year 2017 with exceptions noted, including financial data for Lam's fiscal year July 2016 - June 2017. The report encompasses all wholly-owned subsidiaries across the globe. Some data may be limited to particular geographies, as noted throughout the report.

We self-declare that this report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. As required, a GRI index at the end of the report shows our alignment with GRI reporting elements and our material topics. We intend to report annually.

We have noted any significant changes in scope and boundary throughout the report that may vary from our 2016 CSR Report, which was published in 2017. External assurance is limited to our financial data, which is certified in our [2017 Form 10-K/Annual Report](#). This report was reviewed and approved by our chief executive officer, Martin Anstice, as well as our president and chief operating officer, Tim Archer.

Questions and comments about this report can be addressed to [CSR@lamresearch.com](mailto:CSR@lamresearch.com).



## Lam's Approach to CSR

Our [Core Values](#) guide the decisions we make in every aspect of our business, informing not only what we do, but also how we do it. These values shape the way we define success in the marketplace as we create solutions for our customers; invest in our employees; incorporate environmental, social, and economic initiatives across our business; give back to our communities; conduct our business ethically through responsible governance; and deliver value to our shareholders.

## Materiality

We used the GRI materiality assessment process to determine the content to include in the report and to identify key issues and topics. Our most recent in-depth assessment was completed in 2013, identifying risks and opportunities. In 2013, Lam worked with stakeholders to review material corporate responsibility issues that were of the greatest importance to both Lam and our stakeholders. Based on this feedback, more than 74 material topics were identified from which a list of 15 priority topics emerged. We also reviewed risks and opportunities as identified in our [2017 10-K](#). We intend to update this assessment in the near future to reflect the evolution of Lam's business and the viewpoints of our stakeholders.

For the purposes of this report, we define our material topics below:

**Business continuity** – Through a formal risk management process, we monitor potential operational, environmental, regulatory, and marketplace risks and opportunities that might affect our ability to conduct business.

**Charitable giving** – Our charitable giving is aligned with our Core Values, and our practices include global grant making, employee giving, and employee volunteerism.

**Community engagement** – We meet with government officials, regulators, and civic organizations in locations where we operate to assess and improve our contributions to the local economy and community.

**Customer data protection and privacy** – Our customers, employees, and business partners expect that our information technology (IT) systems and data are secure, and we are committed to protecting their proprietary information.

**Design for the environment** – We provide product features that improve energy efficiency, lower waste and water use, reduce the carbon footprint, extend longevity, or use less packaging material.

**Emerging environmental regulations** – We monitor and are active stakeholders in emerging regulations regarding the environmental impact of our products, manufacturing processes, R&D operations, and workplace.

**Employee wellness** – We empower our employees to cultivate healthy lifestyle choices.

**Energy efficiency** – Energy is a significant contributor to our GHG profile, and we set goals to improve our energy performance.

**Ethics** – Our Core Values provide the foundation for business practices rooted in ethical behavior. This emphasis extends not only to our operations but also across our supply chain.

**GHG emissions** – As a global business with manufacturing operations, we recognize that our GHG emissions contribute to climate change, and we strive to reduce our GHG footprint.

**New product pipeline** – Through continued investments in R&D, we remain a key enabler of emerging technologies like the Internet of Things, artificial intelligence, wearable devices, virtual reality, augmented reality, autonomous vehicles, and machine learning.

**Occupational health and safety** – We are committed to providing our employees with a safe and healthy workplace, whether they work in an office, a manufacturing site, an R&D facility, or the customer service environment.

**Product compliance** – Safety, environmental, labor, and regulatory compliance with local, national, international, and industry standards are incorporated in our operations.

**Product safety** – Safety is built into product design, manufacturing, and workplace operational systems.

**Regulatory compliance** – We are diligent in our compliance with relevant environmental regulations around the world. We also require our suppliers to do the same.





## Stakeholder Engagement

Lam regularly solicits feedback, both on a formal and informal basis, from its key stakeholders. This feedback is incorporated into daily decision-making and long-term strategic planning.

- Employees deliver feedback through regular meetings with their managers, confidential hotlines, and in 2017, a formal all-employee survey.
- Customers regularly inform us about expectations regarding emerging needs in their products and services. These expectations guide our product and services R&D efforts, manufacturing plans, and service delivery objectives.
- Suppliers work with Lam to meet emerging customer needs and increasingly collaborate with us as we develop additional social and environmental requirements. In 2017, this included additional screening and auditing requirements regarding human trafficking, child and forced labor, human rights, diversity, and workplace safety.
- Investors provide feedback to Lam management via investor conferences, earnings calls, face-to-face meetings, and by exercising their right to submit proposals at our shareholder meetings. Environmental, social, and governance issues are increasingly important topics with investor groups.
- Policy makers and community leaders are proactively contacted by our team to keep them informed about our current operations and future plans. We interact with them to determine how Lam can continue to positively contribute to the communities where we operate our business.



# Company Overview

As a leading supplier of wafer fabrication equipment and services to the global semiconductor industry, Lam Research Corporation develops innovative solutions that help our customers build smaller, faster, and better-performing electronic and advanced computing devices – the kind that are driving the proliferation of technology into everyday lives. The company is headquartered in Fremont, California, with manufacturing sites in the United States, Austria, and South Korea and additional facilities located across North America, Asia, and Europe. At the end of 2017, Lam had approximately 10,200 employees worldwide. The company's stock is publicly traded on the Nasdaq under the symbol LRCX.

## Our Role

As a trusted, collaborative partner to the world's leading semiconductor companies, Lam Research is one of the fundamental enablers of the silicon roadmap. In fact, today, nearly every advanced chip is built with Lam technology.

## Our Products and Services

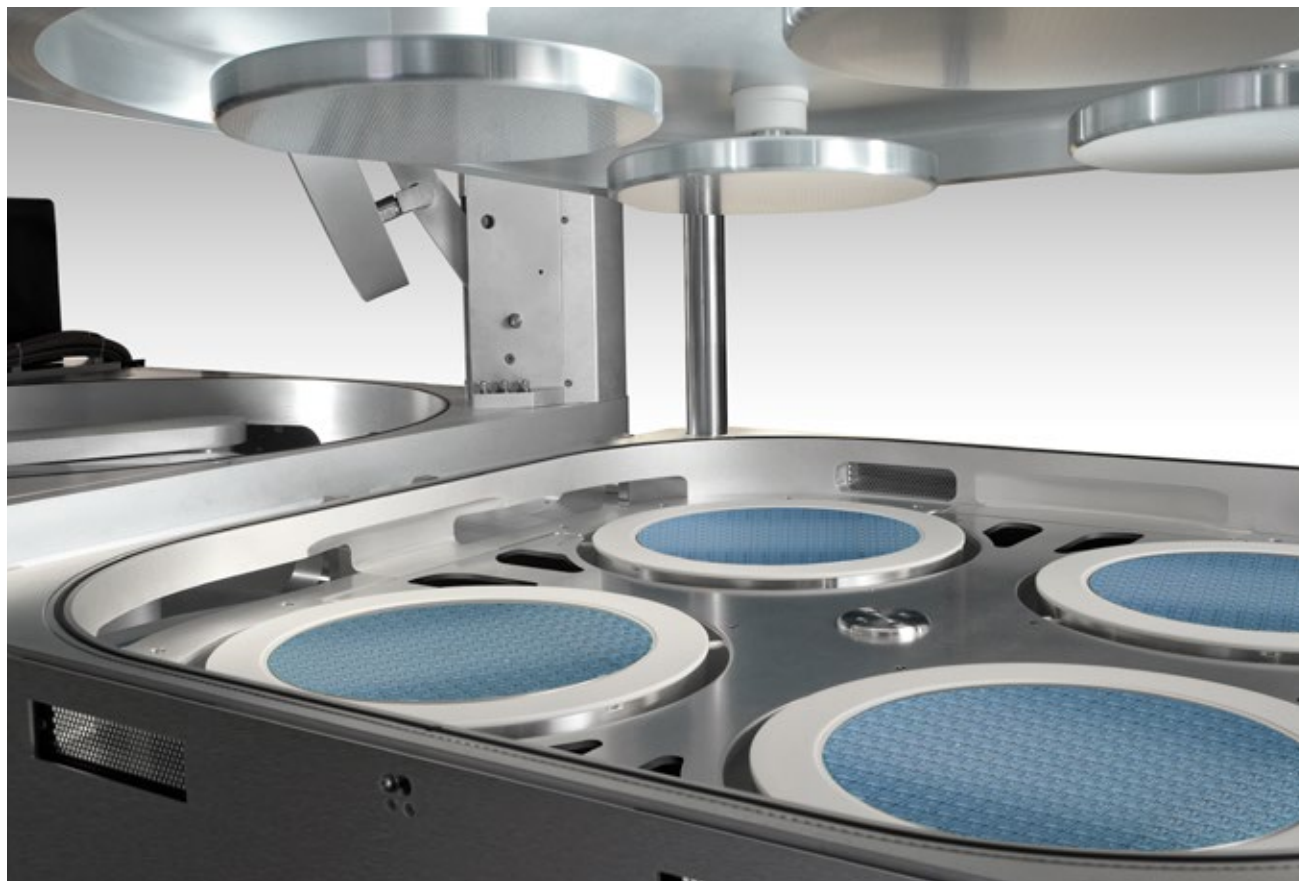
Our broad portfolio of market-leading products and services for thin film deposition, plasma etch, photoresist strip, and wafer cleaning are complementary processing steps used throughout semiconductor manufacturing. To support advanced process monitoring and control of critical steps, our product offering includes high-precision mass metrology systems and real-time process control capabilities. The Customer Support Business Group (CSBG) focuses significant attention on delivering solutions that meet our customers' technical requirements as well as productivity needs during the equipment lifecycle. These include system uptime or availability optimization, throughput improvements, and defect reduction – all designed to optimize cost per good-wafer out.

## Our Customers

Our customer base includes leading semiconductor memory, foundry, and integrated device manufacturers that make products such as non-volatile memory, DRAM, and logic devices. We also address processes for back-end wafer-level packaging, as well as markets that rely on semiconductor processes and require production-proven manufacturing capability, image sensors and microelectromechanical systems. Our customers aspire to change the world, and by delivering extremely complex, differentiated technology and productivity solutions, we strive to enable them to solve their most difficult challenges. Through investing in disruptive technology, harnessing the full value of our multi-product and service portfolio, and partnering across

the industry ecosystem, we're continuing to increase the strategic relevance of the company's products and services to contribute to the success of our customers.

Semiconductor manufacturing, our customers' business, involves the complete fabrication of multiple dies or integrated circuits on a wafer. This involves the repetition of a set of core processes and can require hundreds of individual steps. Fabricating these devices requires highly sophisticated process technologies to integrate an increasing array of new materials with precise control at the atomic scale. Along with meeting technical requirements, wafer processing equipment must deliver high productivity and be cost-effective.





Our Values

Focusing on our Core Values – including Innovation and Continuous Improvement, Achievement, Teamwork, Ownership and Accountability, Mutual Trust and Respect, and Honesty and Integrity – allows us to continue building on our successes. These values are part of new employee training and are regularly communicated to employees to reinforce our commitment. They also extend to our [Code of Ethics](#) and our [Global Standards of Business Conduct](#). In recent years, due to growing concern over corruption and human rights issues in the supply chain, Lam has increased its oversight of these areas to include employee training and supplier reviews. In addition, concerns about ethics violations can be anonymously reported at our third-party managed [EthicsPoint Helpline](#).



Achievement



Innovation and continuous improvement



Open communication



Teamwork



Honesty and integrity



Mutual trust and respect



Ownership and accountability



Think: customer, company, individual





## A Responsible and Accountable Global Supply Chain

Increasingly, companies are being asked to take responsibility not only for their own operations, but also for the performance of key suppliers. Lam is no exception.

All direct suppliers are expected to comply with the company's [Global Supplier Code of Conduct](#), which covers ethics, integrity, transparency, anti-corruption, and responsible business practices. Additionally, all direct material suppliers must comply with Lam's [conflict minerals and human trafficking policies](#). In 2017, we expanded our due diligence on suppliers to 90% of Lam's direct material spend. Processes covered include verification, training, auditing, and corrective action if required.

In 2017, Lam updated its training for employees and managers responsible for our suppliers to include how to identify and mitigate risks of human trafficking and slavery in the supply chain. An enhanced audit checklist also was added to the training for those employees directly responsible for audits.

### Collaborative Alliances, Initiatives, and International Standards

Lam Research Corporation is committed to conducting ethical supply chain management and business operations. Lam Research is a proponent of industry standards and has adopted the standard guidelines published by the Institute for Supply Management (ISM), entitled Principles And Standards Of Ethical Supply Management Conduct With Guidelines, and the Responsible Business Alliance (RBA) Code of Conduct, formerly known as the Electronics Industry Citizenship Coalition (EICC). These standards are designed to ensure that working conditions in the supply chain are safe, that workers are treated with



respect and dignity, and that manufacturing processes are environmentally responsible. Self-assessment surveys based on RBA standards were completed in 2017 and Lam was determined low-risk in the areas of health, safety, and environment; labor; and ethics. All employees in our global supply chain team will begin receiving ISM training on our Global Supplier Code of Conduct in 2018. Our Code of Conduct requires compliance with the RBA and ISM Standards, which cover issues around conflicts of interest, confidentiality, improper behavior, untoward influences, proprietary information, and legal compliance.

Lam will also be partnering with the Business and Human Rights Resource Center's KnowTheChain initiative in 2018. KnowTheChain is a resource for companies and investors to understand and address forced labor risks within their global supply chains. Through benchmarking current corporate practices and providing practical

resources that enable companies to operate more transparently and responsibly, KnowTheChain helps companies make an impact in their efforts to address forced labor.

### Supplier Diversity

Lam Research values a diverse and inclusive supply chain and is committed to selecting diverse suppliers who offer products and services that meet our company's standards, supplier selection criteria, and customer requirements. Our focus is to select partners that help us provide best-in-class products and services at the leading edge and throughout the technology lifecycle with the lowest total cost to our customers.

## Commitment to Responsible Governance

Lam governs its business to be responsible and responsive to its stakeholders. The company's principles, policies, and procedures are presented in the 2017 Proxy Statement (Governance Matters, p. 7-14).

## Protection of Customer Data, Individual Privacy, and Cyber Security

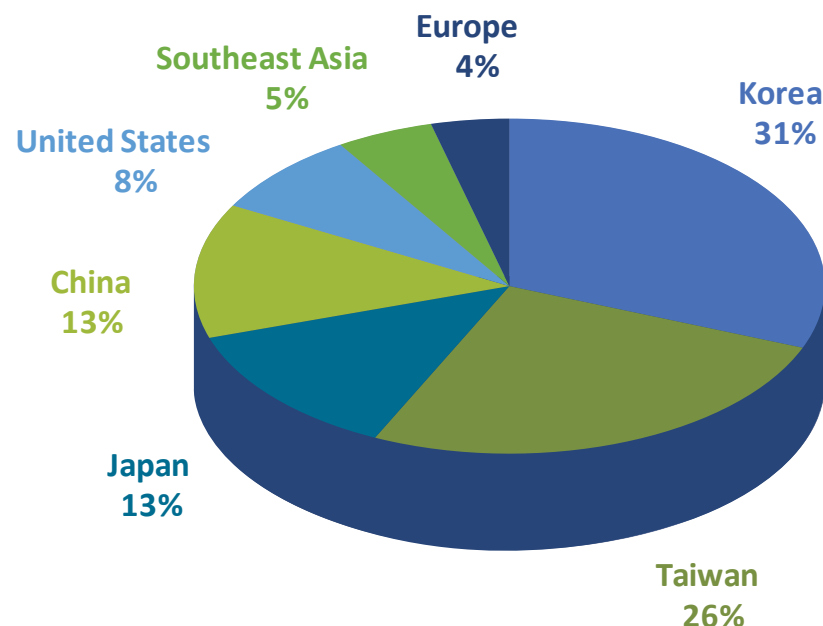
We strive to protect the data in our possession and maintain the privacy of information on individuals, especially when it comes to the intellectual property of and information about our customers and our employees. To demonstrate our commitment, we have achieved ISO 27001 certification for information security. This ensures that our information management security system and program are compliant with global best practices for virus protection software, intrusion prevention, and emergency recovery processes to mitigate security risks.

Lam Research is facilitating the most fundamental technology inflections happening in our industry today. Our customers aspire to change the world, and by delivering extremely complex, differentiated technology and productivity solutions, we strive to enable them to solve their most difficult challenges. Through investing in disruptive technology, harnessing the full value of our multi-product and service portfolio, and partnering across the industry ecosystem, we're continuing to increase the strategic relevance of the company's products and services to the success of our customers. We believe our competitive and business strengths, our operating capabilities, and our unique values-based culture create the opportunity for Lam to deliver long-term value creation.

## 2017 Fiscal Year Highlights<sup>1</sup>

	FY 2017	FY 2016	% Change
(in thousands, except per share data and percentages)			
<b>Revenue</b>	\$ 8,013,620	\$ 5,885,893	36.1%
<b>Gross margin</b>	\$ 3,603,359	\$ 2,618,922	37.6%
<b>Gross margin as a percent of total revenue</b>	45.0%	44.5%	0.5%
<b>Total operating expenses</b>	\$ 1,701,227	\$ 1,544,666	10.1%
<b>Net income</b>	\$ 1,697,763	\$ 914,049	85.7%
<b>Net income per diluted share</b>	\$ 9.24	\$ 5.22	77.0%

## FY 2017 Revenue Sources by Geography



**Note:** Our revenue levels are generally correlated to the amount of shipments and our installation and acceptance timelines. The overall Asia region continues to account for a majority of our revenues as a substantial amount of the worldwide capacity additions for semiconductor manufacturing continues to occur in this region. Our deferred revenue balance was \$966 million as of June 25, 2017, compared to \$566 million as of June 26, 2016. Our deferred revenue balance does not include shipments to Japanese customers, to whom title does not transfer until customer acceptance. Shipments to Japanese customers are classified as inventory at cost until the time of customer acceptance. The anticipated future revenue value from shipments to Japanese customers was approximately \$397 million as of June 25, 2017, compared to \$132 million as of June 26, 2016.

1. The Lam Research fiscal year 2017 covers June 27, 2016 to June 25, 2017. Additional financial information can be found at <http://investor.lamresearch.com>



# Workplace

## Management Approach

Guided by our Core Value of mutual trust and respect, we strive to provide a work environment that ensures every voice can be heard and one that enables employees to achieve their full potential. As we look to the year ahead, we seek ways to provide our employees with tools, information, and systems that are scalable, consistent, and easily accessible.

To ensure consistency in our employment practices, our employment policies and processes are consolidated into a single global approach. This provides Lam employees anywhere in the world with a consistent experience when applying for positions, making employee changes, and transferring employees seamlessly to leverage specialized skill sets for our customers.

## Our People

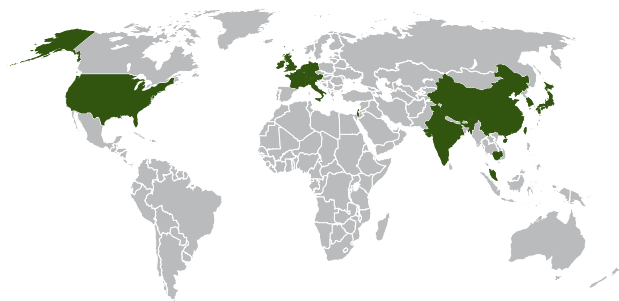
Our company's success starts with our innovative and talented people. The commitment they bring to the workplace each day is at the heart of our success, fueling our progress and the ways we serve our customers, communities, and other stakeholders. Our employees are enabling the innovation behind the most advanced technology devices and computing architectures. We aim to maintain a collaborative, supportive, and opportunity-rich culture that enhances innovation and employee engagement.



## Global Operations

In December 2017, Lam Research had approximately 10,200 employees across Asia, Europe, and North America. The largest concentration of employees is in the U.S., with more than 6,000. With an annual revenue growth rate of 36% in fiscal year 2017, we are creating opportunities for new graduates, outside candidates, and those within our existing employee base. We take pride in our

ability to attract and retain top talent with our strong values-based culture and opportunities for professional growth. One way of measuring our success is in retention and recruitment: 25% of our workforce has been with the company for more than 10 years, and around 25% are new this year. Our average years of service is 7.3 years, and our annual retention rate in 2017 was 95%.

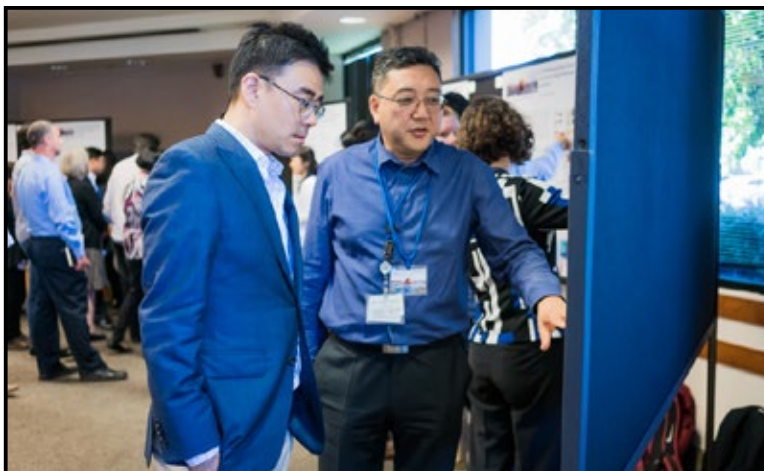


To maintain the strength and cohesiveness of our culture, we have focused on reinforcement of Core Values for existing employees and comprehensive assimilation and onboarding for new employees. Our Core Values, mission, and vision objectives provide the common goals, framework, and language to help employees interact effectively and allow us to scale efficiently. As we grow, it has become increasingly important that our culture, processes, and actions create an environment where all employees have the opportunity to achieve their full potential.

As part of our focus on culture, in 2017, we completed a company-wide employee survey that achieved a response rate of 84%. The results illustrated much about our strengths as a company and also helped us identify areas of opportunity.

We found that employees have a high level of engagement and alignment. With confidence in the company's future, people trust others to put team goals ahead of individual goals. There is a strong understanding of what customers want, and those needs are considered when making decisions. Our employees' high level of alignment and engagement is a tremendous asset. It allows us to collectively focus on what we need to accomplish as a company and provides us with the desire and energy to reach our goals and effectively serve our customers.

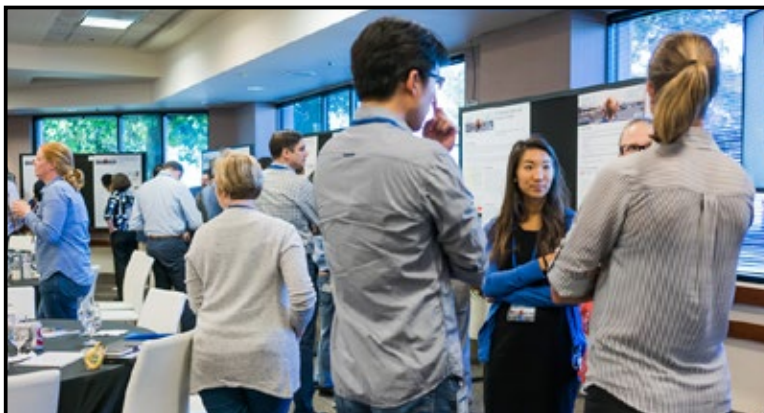
The areas of opportunity highlighted in the survey are reflective of the challenges that accompany a year of strong growth. They include more purposeful planning and better defining of reasonable workload and stretch objectives. In the year following the survey, additional investments are being made in our leaders and managers to support the needs of the individual in ways that integrate with the needs of the business. This includes developing them to be architects of change through enhanced communication, effective



### Tech Symposium

Lam regularly partners with universities to strengthen our fundamental research activities, leverage world-class facilities, engage with top experts, and recruit top talent. As part of this university collaboration, in 2017, Lam hosted a Tech Symposium at our Fremont headquarters with leading professors from Massachusetts Institute of Technology (MIT), Stanford, Tsinghua University, and the University of California, Berkeley.

It was a full day of technical seminars, discussion panels, and posters by students and Lam researchers. Strategic engagements such as this with leading universities ensure we have the ability to identify and attract the very best new college graduates worldwide.



### Multiple Engineering Cooperative Program

In Oregon, Lam is a member of the Multiple Engineering Cooperative Program (MECOP), an internship program that connects us with top students from four Oregon-based universities. The internships are six months, a longer duration than most.

The six-month commitment provides students with the time to complete more complicated assignments, build strong technical skills related to their major, and develop the professional skills that come with longer exposure to a work environment. Since 2008, Lam has hired 87 MECOP interns, several of whom have joined Lam for full-time positions after graduating.



prioritization and decision making, and being empowered to take different and innovative approaches.

## New Graduates

Over the course of an academic year, we actively engage with more than 50 universities around the world. Our activities span in-depth academic collaborations and on-site recruiting, targeting talent with diverse backgrounds and perspectives. This includes events at well-known research schools – such as MIT and Stanford University in the United States, Tsinghua University in China, and National Taiwan University – as well as at many schools located near our offices, such as San Jose State University in the United States, University Visvesvaraya College of Engineering in India, and Dalian University of Technology in China. To identify the right talent, teams of professional recruiters and employees are dedicated to answering questions at job fairs, making classroom presentations, and hosting poster sessions where graduate and undergraduate engineering students pitch their research projects to interested Lam sponsors. In 2017, 11% of our over 2,600 new hires were new college graduates.

Our attention to new graduates doesn't end once they join Lam. We provide a strong onboarding program, mentoring, training, and social events to help them assimilate into their new environment. In 2015, we formalized and strengthened our rotation program to give newly hired engineers an opportunity to explore different facets of our business in the field, operations, and product groups. Based on the range of experiences provided through this 18-month program, these new college graduates can select the team that offers the best match for their skills and passions – achieving a fit that will keep them engaged and delivering value for years to come. Additionally, this program provides insights on how to better engage, onboard, and retain new graduates throughout the company. We continue to invest in this program every year.

## Training

Lam's Core Values of achievement, innovation, and continuous improvement demonstrate our commitment to investing in our workforce. In 2017, we delivered 338,027 training sessions across 1,449 different courses, totaling more than 328,000 employee-training hours. We offer both on-site classroom learning and online

courses to improve access to professional development and education across the globe. Our employees receive regular training on core topics such as technical knowledge, management, and situational leadership. In 2017, we introduced several new areas of management and leadership training covering topics such as crucial conversations, technology presentation skills, coaching essentials, and communicating for influence.

## Course offerings include:

- **Edge** – Edge is structured to provide executives across business groups and regions with world-class learning customized to equip leaders to foster positive change. This 12-month program is designed to accelerate the capabilities of our leadership team. Some of the targeted curriculum is focused on leading high-performance teams, strategic thinking, executive communications, and action learning through continuous practice. During 2017, 120 leaders participated, and we expect equivalent numbers in 2018.
- **First-Time Manager Training** – We give our new managers the tools that they need to succeed by sharing lessons learned and insights. This four-day program is designed to help them make the leap from growing their own careers to helping others shape theirs. During 2017, 179 new managers attended this training.
- **Conversations for Growth® Course** – This training emphasizes the impact of every conversation and strengthens the most important working relationship – the one between employees and their managers. In 2017, 326 managers attended this course. We plan to continue investing in this area in 2018.



- **Situational Leadership® Courses** – This training helps our employees develop strong teams and work with a range of viewpoints. During 2017, 163 managers attended the Situational Leadership course.
- **Education Reimbursement** – We also provide specialized training suited to an employee's role and function within the broader organization. When employees seek professional development beyond the scope of our internal programs, we reimburse their education expenses up to \$15,000 per year. In 2017, Lam reimbursed \$1,140,000 in educational expenses to support employees' professional growth.

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### Compensation and Benefits

We offer compensation and benefits that are competitive with the world's leading companies in the technology industry. To ensure that we are competitive, we reference the Radford Benefits and Compensation Survey along with other benchmarks. In addition to competitive salaries, we offer bonuses based on both individual and company performance and annual stock awards to select employees. In 2017, our bonus plan covered all employees. In recognition of an exceptional financial year in 2017, employees also had the opportunity to gain double-matching donations for their favorite charities during a "Sharing Our Success" campaign. More than 1,100 employees participated, and Lam contributed over \$1 million to double-match employee giving during that time.

To ensure that our employees have effective tools for personal planning, our retirement savings program allows them to contribute an additional \$25,000 after taxes to their 401(k). Finally, we are very proud that many of our employees choose to invest in Lam. Through our Employee Stock Purchase Program (ESPP), employees who work 20 hours or more per week may contribute up to 15% of their earnings and are eligible to purchase shares at a discount of at least 15%.



**Lam provides employees with a free membership to Care.com and also ten days per year of subsidized child and adult back-up care**

### Commitment to Inclusion and Diversity

Lam is committed to fostering inclusion and diversity, and we strive to maintain an environment, culture, and set of Core Values that attract and celebrate diversity in our workforce around the world. We recognize that every employee has unique viewpoints and experiences that are important for unlocking new innovations and achieving our mission of being a world-class equipment provider to the semiconductor industry. Lam invests in initiatives and practices to attract, engage, and retain employees with diverse backgrounds, perspectives, talents, and experiences. We believe that diversity promotes creativity, innovation, and mutual respect – all of which are central to our Core Values and sustainable success. We also recognize that maintaining a commitment to inclusion and diversity requires continual focus and effort.

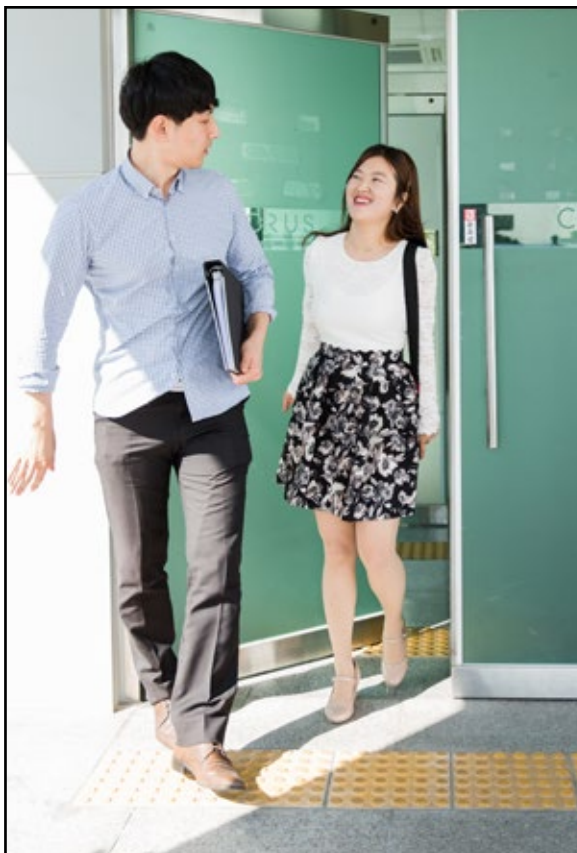
We have and continue to build cross-functional teams around the world that reflect the communities where we work and the customers we serve. These teams allow employees to exchange and promote new ideas, interact with each other, and learn new cultural perspectives. In addition to the experiences our global structure provides, we actively support additional opportunities for employees to network with, learn from, and support each other. For example, we support university sponsorships and professional networking events for our employees. We also actively support a number of affinity groups, including Women in Engineering, Women in Manufacturing, and the Community of Latino/ African Americans for Student Success.

In 2017, we invested in third-party resources to equip managers to build high-performing teams by leveraging best practices related to inclusion and diversity. We partnered with experts to provide training on Conversations for Growth and Situational Leadership, and our Edge



training program includes a focus on fostering inclusive leadership. We also established a relationship with Catalyst, a leading business organization committed to promoting inclusion and diversity. As Catalyst supporters, we have exclusive access to pioneering research, practical tools, and proven solutions to harness the value of diversity at Lam.

Beyond employee engagement, our inclusion and diversity activities include community outreach, support for student STEM programs, recruitment activities, and a U.S.-based supplier diversity program. With our community outreach, we promote diversity in the STEM pipeline from elementary schools to universities and professional organizations. We have also established a program promoting the targeted hiring and placement of military veterans, women in manufacturing, and new graduates from diverse backgrounds who are representative of their graduating classes.



## Welcome to our world!

### New employee onboarding and assimilation packed with learning opportunities and mentors

At Lam, we recognize that employees are most successful when they understand their roles, the norms and culture that exist in the company, and the opportunities that are available for learning and career advancement. That is why we have a strong focus on employee onboarding and assimilation. It is one of the reasons our employee retention rate has remained around 95% for the past several years.

Our onboarding programs include on-site orientation programs, buddy assignments, exposure to senior leadership, online information and courses, and one-on-one manager coaching. In 2017, Lam enhanced its onboarding and assimilation with a new program, Leap, specifically designed for engineers.

“The first goal of Leap was to help new engineers more quickly adjust to their roles so they can start contributing to business success sooner. Specifically, we streamlined the onboarding and assimilation

process for new employees through automatic enrollment into the online curriculum, which has all of the required training listed systematically in one location. We also have a buddy program and assign a colleague to help guide new employees as they go through their first several months,” said Rick Gottscho, chief technology officer.

The Leap curriculum provides engineers with a clear set of expectations and skill sets that improve individual and team productivity.

Online learning, offsite and onsite seminars, and academic classes continue beyond the initial hiring period. Courses range from advancing technical skills to work-related topics like team building, customer interaction, and management skills. These and other classes are also available to non-engineer employees.

In 2017, our employee population grew by approximately 2,000, an increase of more than 20%. We believe our onboarding and assimilation program creates a sense of connection and purpose for employees early in their tenure, which is critical to their success and to Lam.

## A Focus on Health and Wellness

Lam complements employee affinity groups with benefit programs. Some of the most popular activities are centered around health and wellness. The Live Well program at Lam is focused around four areas: Eat, Move, Be Mindful, and Learn. The simplicity of these areas helps make wellness relatable and achievable.

The health and well-being of employees is critical to Lam's sustainable success. The global Live Well program is designed to support the physical and mental health of employees by providing enriching activities at work and in the community. Our approach to employee wellness continues to evolve and includes a focus on preventing health challenges as well as helping address difficulties employees may face at work or at home.

In 2017, the Live Well program focused on expanding its employee participation globally. The program gained more than 1,000 additional employees on Lam's online global wellness platform, bringing participation to approximately 3,000 employees throughout 17 countries. By offering employees opportunities to communicate and "live well" together, we believe wellness, collaboration, and innovation will continue to flourish at Lam.

As part of this program, we provide access to healthier food options at our vending machines and on-site cafés. In 2017, we held a global Fit City Challenge, in which 25% of our employees in 17 countries participated. As part of the challenge, employees formed teams and logged their exercise minutes over the course of six weeks. As the teams advanced by logging more minutes, they were connected to health resources in their communities. We also continued to provide stress management workshops in addition to installing blood pressure kiosks and partnering with the

American Heart Association to promote the importance of coping with daily stress. We also built and opened a new fitness center at one of our locations with a dedicated meditation room. Finally, we held health fairs at our California and Oregon locations to encourage employees to learn more about wellness. At these events, non-profits and other local health-related groups shared resources and conducted onsite seminars. Lam also offers employees webinars and classes on such topics as relaxation, managing change, conflict resolution, and embracing happiness.

Lam's Live Well Program was recognized with a number of honors in 2017. These included the American Heart Association Workplace Health Achievement Recognition, the Silicon Valley Business Journal/San Francisco Business Times Healthiest Employers Award, and the Workplace Health Promotion Certificate by the Austrian Ministry of Health.



LIVE WELL





# Community

## Management Approach

At Lam Research, we believe that positively involving our employees and giving back to our community is central to our culture and aligned with our Core Values. Our charitable giving includes employee volunteer hours, the Lam Research Foundation grant program, and employee giving. Since 2000, Lam Research has donated more than \$30 million through the Lam Research Foundation ("the Foundation"). Resources have been distributed to non-profit organizations around the world to support our core program areas and activities our employees are passionate about. The Lam Research Foundation's donations are administered through corporate advised funds within the Silicon Valley Community Foundation and the East Bay Community Foundation.

In 2017, Foundation giving totaled \$3.3 million, up from \$2.1 million in 2016. This includes grants, scholarships, and matching gifts. Lam matched \$1.7 million in employee commitments with a dollar-for-dollar donation and gave \$10 for every employee hour volunteered, more than double the \$700,000 in employee giving matched in 2016. Altogether, more than 1,400 unique charity organizations were supported in 2017, up from around 800 in 2016.

The company's charitable giving focuses on two key areas:

**STEM Education.** In addition to grants and volunteerism in support of education-based charities and schools, we also invite students to interact with our employees at our workplace and in the community to share our passion for science and STEM careers. We also offer scholarships and fellowships to high school and college students, and in 2017 this financial support totaled more than \$400,000. See our article on p.18-19 to learn more about our activities.

**Quality of Life.** This focus area encompasses charities supporting underserved populations and community needs such as food and water

security, support for disadvantaged children and senior citizens, assistance for economically disadvantaged communities, health improvement, and environmental protection. In 2017, we supported local, national, and

## 2017 Giving by the Numbers

**\$1.6M**

Lam Research Foundation Grants



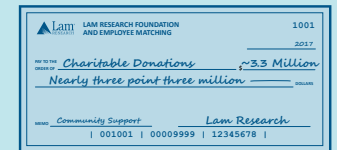
**Nearly \$1.7M**

Employee Matching Gifts



**Nearly \$3.3M**

Total Lam Donations



**More than 3,000**

Number of Employee Donations



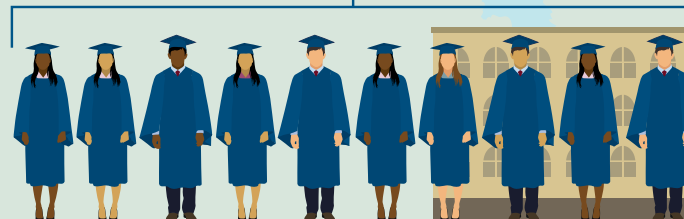
**Nearly 10,000**

Employee Hours Volunteered



**More than \$100,000**

Core Values Scholarships Awarded



**More than \$900,000**

Total Core Values Scholarships Since 2003

international organizations, including Second Harvest Food Bank, the Korea Childhood Leukemia Foundation, the Foundation for Tigard-Tualatin Schools, Give2Asia, and the Singapore Children's Society. Lam also supports regional disaster relief efforts in the form of matching gifts and foundation grants for initial response, recovery, and rebuilding. In 2017, our foundation supported disaster relief efforts for Hurricanes Harvey, Irma, and Maria as well as the wildfires in Napa and Sonoma counties in California.

### Employee Volunteerism

In 2017, our employees around the world donated more than 9,770 hours, up from 6,000 in 2016. Uniquely this year, Lam doubled its dollar match for employee volunteer hours from \$10 to \$20 as part of a month-long campaign called "Sharing our Success." Global volunteer activities ranged from helping families with school supplies, delivering holiday meals, donating to toy drives, restoring the environment, mentoring and tutoring, and supporting children and seniors in need.

Each year, the company conducts a special holiday giving campaign called "Deliver Joy." In 2017, 1,900 employees participated around the world, providing toy and clothing donations and serving our communities with over 800 volunteer hours during the campaign.

## Supporting the Next Generation of STEM Leaders

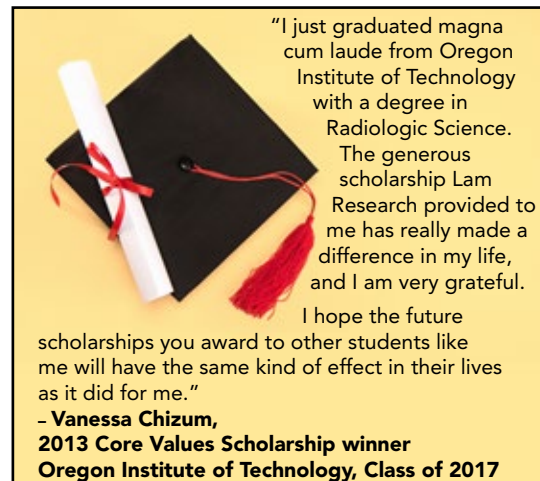
Lam employees are passionate about sharing our success, inspiring the next generation of innovators, and promoting STEM programs for future leaders. As a successful equipment supplier in the technology industry, we encourage students to pursue STEM careers, engage in activities that give young people visibility into careers in the semiconductor industry, and support those students who demonstrate excellence in the STEM fields.

**Manufacturing Site Visits:** Each October on National Manufacturing Day, U.S. manufacturers host free educational events, tours, and job fairs to expand knowledge about high-skill, high-paying jobs in the sector and the industry's economic impact. At these events, the public has an opportunity to learn about the products being made in their local communities, students are exposed to careers in manufacturing, and schools learn how their STEM curriculum supports multiple career pathways. In 2017, more than 250 students and teachers visited Lam's U.S. manufacturing sites. These visits provide invaluable opportunities for students to get hands-on exposure to an advanced manufacturing environment to complement their STEM studies.



**Grants to Support Elementary, Middle, and High School Programs:** Lam's K-12 grants support programs in the communities where Lam Research facilities are located. Programs include those that seek to close the achievement gap and others that emphasize math and science education. For the latter, the expectation is that better-prepared and more-confident students will be drawn to the challenging and rewarding careers that can be found in technology and engineering. From hands-on science programs for elementary and middle school students to introductory engineering courses for high

school students, these engaging and interactive programs extend learning beyond the classroom. In 2017, grants totaling more than \$350,000 supported STEM-related programs.



**Lam's Core Values Scholarship:** Each year, Lam Research awards scholarships of \$10,000 each to graduating high school seniors in Fremont, California; Livermore, California; Hillsboro, Oregon; Tigard, Oregon; and Tualatin, Oregon. In 2017, 11 students received Core Values Scholarships. Students are chosen for exemplifying Lam's Core Values through their outstanding academic record, leadership, and community involvement. Now in its 15th year, the Lam Core Values Scholarship continues to recognize high school seniors in our local communities for their achievement, honesty and integrity, mutual trust and respect, ownership and accountability, and teamwork. Since 2003, Lam has provided more than \$900,000 in Core Values Scholarships to 96 students.



## Supporting the Next Generation of STEM Leaders (Continued)

**Sponsorships, Tutoring, and Mentorships:** Lam volunteers connect with local community groups to help students with their academic pursuits. For example, in Taiwan, Lam supports the Boyo Social Welfare Foundation, which provides after-school tutoring for children in remote areas to help fill the education gap. An organization of Lam employees called C.L.A.S.S. (Community of Latino/African Americans for Student Success) hosted tours and activities at the Lam Fremont facility for 100 middle schoolers from Oakland, California to introduce them to the career opportunities available in technology. Additionally, engineers in Tualatin spend hundreds of hours mentoring local high school teams for their entries into the FIRST Robotics Competition.

**University Relations:** Lam collaborates with universities and consortia around the globe by supporting leading-edge research, building strong relationships with key professors and students, and supporting graduate and undergraduate students. Examples of some of the ways we work together:

- **Advancing critical research** – We provide directed multi-year funding in leading-edge research areas, research donations that broadly support advanced research topics, and membership support to a number of university consortia performing advanced research. Lam equipment has been donated to various consortia and university labs to provide them with atomic-scale research capabilities. All of these engagements support peer-reviewed scientific publications and provide students with opportunities to present their research at scientific conferences and industrial forums. In 2017, our funding for research covered a range of topics, including surface science and interface engineering, novel chemistries, advanced modeling, plasma technologies, emerging memory and transistor structures, data management and analytics, and sensors and metrology.
- **Building academic networks** – We identify leading researchers around the globe and bring them together to share perspectives, create linkages, and drive thought leadership. In October, Lam convened leading researchers from Tsinghua University, Stanford, MIT, and U.C. Berkeley to discuss emerging semiconductor research devices and processes. This two-day technical symposium included panel discussions, networking, and a poster session where students and Lam technologists shared insights on advanced research. We also regularly invite professors and students to present their research and discuss it with the Lam technical community.

**Fellowships and Scholarships:** Lam provided twelve scholarships and six fellowships to college students in the U.S. and Asia in 2017, totaling more than \$300,000. Scholarships include thesis award competitions, Innovation Design Center awards, and fellowships in support of engineering and chemistry.

# Operations: Environment and Safety

## Management Approach

Lam carefully monitors and manages its environmental impact across the business – from procurement to manufacturing, during R&D and product design, and throughout a product's lifecycle. We are committed to complying with all laws and protecting the health and safety of our employees, contractors, and customers.

Our Environmental Health and Safety (EHS) Management System guides our environmental compliance program. It uses international standards and is externally certified to ISO 14001 and to the Eco Management and Audit Scheme (EMAS). Lam is a Charter Member of SEMI Global Care™, which provides a framework that guides the industry to protect the environment through product design. Lam evaluates annually our corporate headquarters in Fremont, California and our major manufacturing sites in Livermore, California; Tualatin, Oregon; and Villach, Austria using the Responsible Business Alliance (RBA), formerly the Electronics Industry Citizenship Coalition (EICC), self-assessment questionnaire. This assessment covers a set of standards on social, environmental, health and safety, and ethical issues. We use this tool to gauge our progress and continuously improve in these areas.

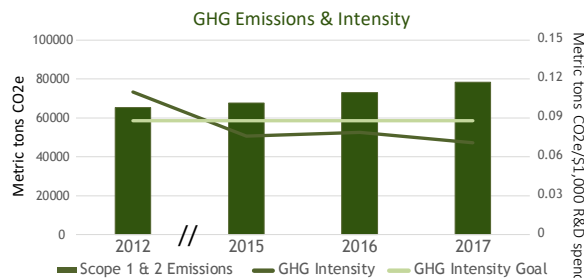




## 2020 Energy Goals

Since 2015, Lam Research has actively pursued the following 2020 energy goals:

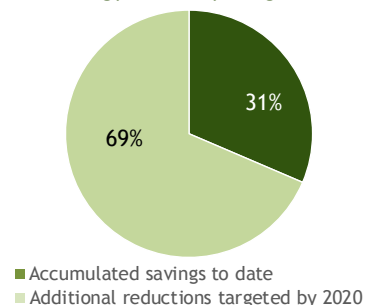
### Reduce our GHG intensity by 20% from a 2012 baseline



We have pledged to decrease our Scopes 1 and 2 emissions by 20% using an intensity metric of metric tons of CO<sub>2</sub>e per \$1,000 of R&D spend. Our baseline is 0.11. For Lam, Scopes 1 and 2 are largely connected with energy use in facilities. Total base-year emissions (in metric tons CO<sub>2</sub>e) is 33,138 for Scope 1 and 32,249 for Scope 2. In 2017, Scope 1 emissions were 26,483, and Scope 2 emissions were 51,888, with an intensity rating of 0.071. This represents a 34% reduction in GHG intensity from a 2012 baseline, exceeding our goal. In addition, in 2017 we began to offset Scope 3 emissions from employee air, rental car, and commuter shuttle travel by purchasing carbon credits that fund sustainability projects around the world.

### Achieve an accumulated 14 million KWh of energy savings through implementation of energy-efficiency projects among our global facilities compared to a 2012 baseline

Energy Efficiency Progress



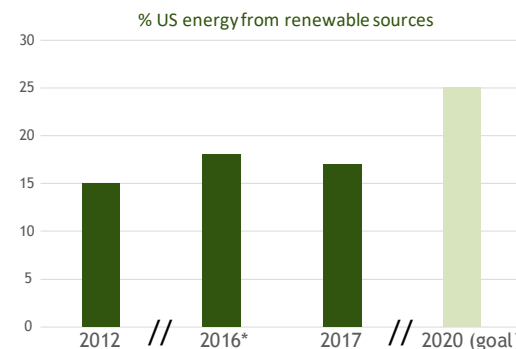
We are currently at 31% of our 2020 goal. To date, our accumulated energy savings are 4.4 million KWh, up from 3.6 million KWh in 2016. In 2012, total energy consumption was 135.4 million KWh.

One of the best ways to reduce energy is to replace old lighting with more efficient LED technology and add motion detection and ambient lighting sensors, a process that Lam has been undergoing since 2012. Lighting represents 15% of Lam's overall energy use and 27% of our Scope 2 GHG footprint. During 2017, lighting upgrades were completed in Fremont and Livermore. These upgrades have generated 352,428 KWh of additional savings annually. Planned projects in 2018 are expected to significantly increase accumulated savings toward achieving our 2020 goal. This includes energy-saving lighting upgrades in three of our buildings in California.

### Build all new buildings to EPA Energy Star® standards

Currently, nine facilities have incorporated Energy Star certified products and standards: one new building built to Energy Star standards and eight buildings with tenant improvements incorporating Energy Star products and standards.

### Have our U.S. operations rely on 25% renewable energy sources by 2020



\*Because of a reporting time lag, we are restating our 2016 number. In 2016, the renewable energy portion was 18% for U.S. energy use, previously reported at 19%.

Our initial data collection indicates that our renewable energy makes up 21% (or 37 million KWh) of our 2017 global energy use and approximately 17% of our U.S. energy use. In base year 2012, the percentage of renewable energy sources in the U.S. was 15%.

### Consistently expand the product and service offerings that enable customers to curb GHG emissions and chemical consumption within their operations

This includes designing products that use less energy, water, and chemicals; extending the life of products to ensure less waste; and adopting production techniques that minimize energy use. To respond to customer demand, we have a goal of 30% energy reduction per wafer by 2020 (from a 2015 baseline). In 2017, the Etch and Deposition Product Groups released product features and productivity upgrades that enabled achievement of this target.

Our Tualatin facility has been reclaiming its treated process wastewater since 2002. The wastewater is used as feed water to the house scrubbers and point-of-use abatement units in one of our labs. For the past three years, about 87% of total treated wastewater has been reclaimed, which significantly reduced the volume of fresh water needed to support these systems.

(Units in Thousand Gallons)	2015	2016	2017
Estimated total wastewater reclaimed	39,250	65,200	79,891





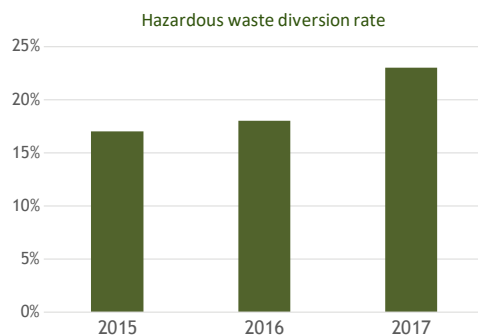


### Hazardous Waste

The company is acutely aware of its environmental risks and legal obligations related to hazardous materials and chemicals and takes all appropriate measures to keep operations safe. Since 2012, the company has reduced hazardous waste generation per \$1,000 of R&D spending by 27%. The majority of Lam's hazardous wastes are corrosive inorganic and heavy metal wastes, flammable solvent wastes, and lab debris from semiconductor processes in our R&D operations.

We follow all applicable laws and regulations related to the environment. In 2017, there were no fines or spills related to the environment, hazardous materials, or chemicals. Since 1994, Lam has taken a leadership role in the SEMI suppliers' group to help collectively

address new product regulations, including the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) in Europe and China.



The Fremont, Livermore, San Jose, Tualatin, and Villach facilities are included for 2015 and 2016; for 2017, the data include these same sites with the exception of San Jose, which closed at the end of 2016.

### Energy

Lam's Global Workplace Solutions (GWS) team identifies, manages, and tracks global projects to reduce our energy use and related GHG emissions. For instance, as part of our Energy Charter, we prioritize projects with a return on investment of two years or less that can be scaled and translated to other locations. Through this process, our team has identified opportunities such as making operational control modifications, shifting to more efficient lighting, improving manufacturing efficiency, and proactively managing building energy use. In addition, GWS is planning to use third-party auditors to perform energy-saving audits of U.S. facilities in the second half of 2018 and to provide recommendations to maximize our energy savings.

### Water

High-quality clean water is vital in our R&D and manufacturing processes. We use fresh water for our chillers, house scrubbers, process-cooling water system, and soft water treatment plant. Higher-quality water requires less treatment (uses fewer chemicals and less waste is generated) and less maintenance of the facility equipment and lowers operational and maintenance costs. We strive to be responsible water stewards in the communities where we operate, especially in water-stressed locations. We audit our water use to measure our progress toward reductions. Our assessment includes a projection of our growth and the quality and quantity of water needed to support that growth. The assessment also includes an evaluation of the facility infrastructure – such as any onsite pre-treatment systems, house or point-of-use abatement systems, process-cooling water systems, or deionized water systems – and any agency-permitting requirements. In 2017, our water use was 0.53 cubic meters per \$1,000 of R&D spend; this is down 19% from 2016.

Lam's GWS teams around the world have been instrumental in taking action to reduce water usage, exploring new technologies, and investing in efficiency upgrades in accordance with emerging best practices. Furthermore, we explore and take advantage of opportunities to utilize non-potable water when possible, for example, in landscaping. Our Tualatin facility received the 2017 Environmental Excellence Award from the regional water management utility, Clean Water Services, for multiple projects and initiatives designed to save energy and water. Our Tualatin site participated in a Strategic Energy Management Initiative in cooperation with Energy Trust of Oregon and created a task force to engage employees in saving both energy and water. Our facility was also one of 39 area companies that completed 2017 with perfect water regulatory compliance, and was honored by Clean Water Services for being one of only 21 companies to achieve this distinction for five years in a row.

Our Fremont facility received a Certificate of Merit from its regional water management utility, the Union Sanitary District, for two of our major R&D and manufacturing buildings, a distinction it has earned for seven consecutive years. The District recognized the Fremont site for its perfect compliance record, implementation of pollution prevention measures, and demonstration of its awareness and understanding of environmental issues.

### Product Design and Longevity

Together with our customers, we work to design products with features that help reduce energy use. We approach the reduction of power usage of our products in two ways: productivity improvements (reducing the amount of energy consumed in making each wafer) and pure energy savings (building our equipment with more energy-efficient heaters, radio frequency power sources, and other components). We continue to provide an eco-mode feature that places pumps and scrubbers in idle mode when not in use. Our spare parts, systems upgrades,

and refurbishment programs help our customers increase productivity and extend the longevity of their manufacturing equipment.

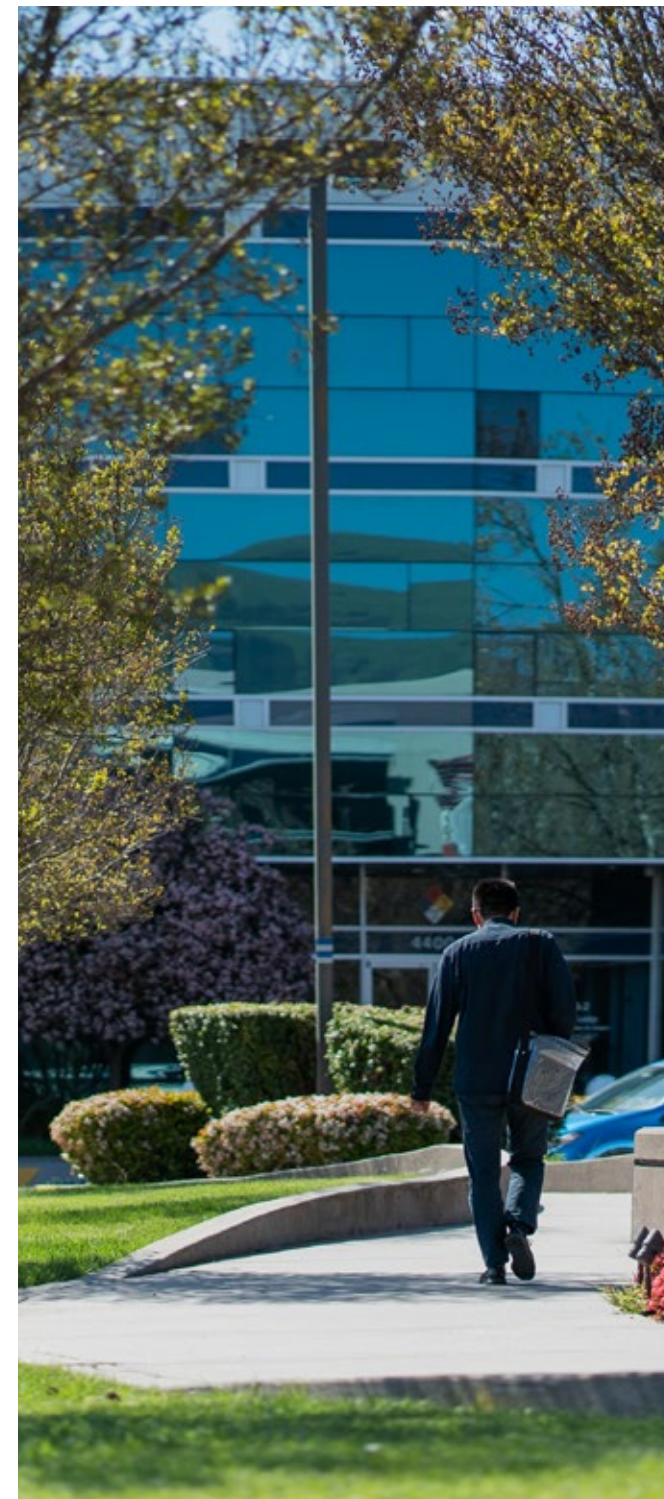
### Commitment to Address Climate Change

In support of the American Business Act on Climate Pledge, Lam identified and publicly committed to ambitious goals in 2015. To meet these targets, Lam has taken several actions to save energy and reduce emissions. Company-wide audits were conducted by the Global Energy Audit team to evaluate energy savings opportunities. We also support climate initiatives asserted by Semiconductor Manufacturing Technology (SEMATECH) and transparently report on our environmental performance via the CDP (formerly the Carbon Disclosure Project). Key climate-related initiatives are cited below.

### Curbing GHG Emissions

Lam Research is committed to curbing our GHG emissions via energy-reduction initiatives and renewable energy sources. To focus Lam's efforts, we target three major areas of GHGs:

- Scope 1: Direct emissions from Lam's manufacturing operations and facilities, specifically through our use of fluorinated gases in R&D activities; natural gas for heating buildings; fuel consumption for emergency generators; and company-owned vehicles. GHG types (in metric tons carbon dioxide equivalent or "MT CO<sub>2</sub>e") include PFCs, SF<sub>6</sub>, NF<sub>3</sub>, CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>.
- Scope 2: Emissions from energy consumed through the purchase of electricity to power our manufacturing and R&D operations and office buildings.





- Scope 3: Indirect emissions from employee travel, including business travel and commuting. Lam’s commitment to curbing GHG emissions extends beyond conventional sources. In 2017, our air travel miles increased because a greater share of business travel was done internationally in support of our global customer base. We recognize the emissions associated with our employees’ work commutes, so we invest in environmental projects around the world to offset the carbon footprint of our employee travel and provide our employees with alternative commute option programs such as public transit reimbursement, carpool connections, and biking.

We measure our GHG emissions utilizing the GHG Protocol with additional guidance from the US EPA and IPCC Guidelines for National GHG Inventories.

GHG Emissions

(in metric tons, CO<sub>2</sub>e)

	2015	2016	2017
Scope 1	20,823	25,642	26,482
Scope 2	46,832	47,440	51,888
Scope 3	32,156	33,275	24,103

Actual Scope 3 emissions in 2017 were 45,203 metric tons CO<sub>2</sub>. Lam purchased carbon credits to offset our employees’ air travel, achieving a 47% reduction in our total Scope 3 emissions.

- Scope 1 includes Fremont, Livermore, Tualatin, San Jose (for 2015 and 2016 only), Austin (for 2016 only), Sherwood, and Villach.
- Scope 2 includes Fremont, Livermore, San Jose (for 2015 and 2016 only), Austin (for 2016 only), Chandler, and Sherwood. Villach sources its electricity from 100% renewable energy.
- Scope 3 is a global number.

think + go climate conscious

atmosfair

Certificate

for offsetting greenhouse gas emissions

Lam

RESEARCH

Lam Research has offset **5,824,000 kg** of CO<sub>2</sub> greenhouse gases from flights between Oct 01, 2017 and Dec 31, 2017.

What does your climate protection contribution accomplish?

With your climate protection contribution of 40,476.80 USD, you are supporting the following project:







India: electricity from crop residues

atmosfair supports thousands of small farmers to sell their previously worthless crop waste to biomass plants. Thereby, fossil fuels are replaced by renewable energy sources.

atmosfair operates its projects according to the Clean Development Mechanism (CDM) outlined in the Kyoto Protocol as well as the "Gold Standard" established by international environmental organisations. Independent organisations approved by the United Nations (e.g., TÜV) audit the projects' actual CO<sub>2</sub> reductions.

Gold Standard

United Nations  
Framework Convention on  
Climate Change

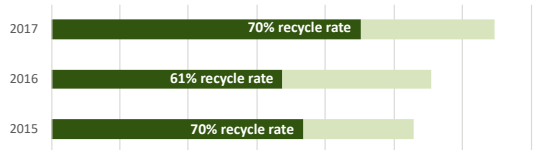
See more at  
www.atmosfair.de/en

Waste: Reduce, Reuse, and Recycle

Solid waste at Lam’s facilities is segregated with the primary intention of diverting waste from landfills. Lam is committed to pursuing opportunities to increase recycling and material reuse. In 2017, 70% of non-hazardous solid waste was diverted from landfills. Solid waste recycling programs are planned to be introduced in 2018 in Japan and South Korea.

Non-Hazardous Waste (metric tons\*)

2015	2016	2017
2,640	2,771	3,236



Includes facilities in Fremont, Livermore, San Jose (for 2015 and 2016 only), Tualatin, and Villach.

Lam is also driving environmentally friendly improvements in our spare parts packaging. A team of engineers is leveraging a new packaging technology, which consists of an engineered thermoformed plastic (recycled high-density polyethylene or “RHDPE”) that has spring technology designed to provide better cushioning than foam. It also reduces packaging volume by 60% for improved transportation and storage efficiency. The material is eco-friendly, sourced from 100% post-consumer content, and is 100% recyclable. Overall, this new packaging has a carbon footprint 88% smaller than the foam-lined packaging it is replacing. In addition to being better for the environment, the new packaging also benefits Lam’s customers. Its materials contain zero volatile organic compounds and provide lower particle performance than typical semiconductor packaging – which is critical when shipping to a cleanroom environment.



## Lam Volunteers Help Preserve Endangered Red-Crown Crane in Korea

Picture the snowy white silhouette of a red-crowned crane ("durumi" in Korean) against its grassy wetlands habitat, and you can understand why our employees at Lam Research Korea are passionate about preserving the graceful bird's winter home. Teaming up with Korea's National Nature Trust, we helped fund the purchase of nearly 5,000 square meters of land in Dongsong-eup, Cheorwon in 2016. It is estimated that only 1,200 migratory red-crowned cranes remain in the wild. They were listed as an endangered species in 1970. They come to Korea in the winter from Siberia, Northeast China, and Northeast Mongolia. Red-crowned cranes are on average the heaviest crane species, weighing up to 25 lbs. In Korea, they are a symbol of longevity, purity, and peace. The bird is also depicted on the Korean 500-won coin.

Red-crowned cranes were first threatened by fashion. At the turn of the century, their dramatic black, white, and red plumage was favored for hat decorations. In recent years, they are threatened by the disappearance of wetlands habitat because of human development. This National Trust project protects the migratory habitat and supplements its food sources.

Food for the cranes will be grown on the land by local farmers who will produce rice and corn during the summer for the cranes to eat when they arrive in the winter time. To assist with this sizeable effort, some of our Korean employees and their families volunteered to plant rice this spring and returned in the fall to harvest it. The rice will be mixed with other crops to provide the cranes with food in their newly protected winter home. Lam volunteer events were held in the rice paddy area of the land, which has long been the cranes' natural habitat.

Afterwards, employees voiced appreciation for the positive impact their work had on the cranes' habitat as well as on their families. One participant said, "My family and I were proud to hear that the number of cranes visiting this 'Crane Land' is actually increasing with our efforts." Another noted being "proud to lead the way in leaving our children a wonderful legacy of nature that we must preserve." One Lam parent explained, "All of [my children] learned that farming is hard and that the bowl of rice we have at the dinner table every day is precious. At the coming of autumn, it was a meaningful day for my family to have had a chance to harvest the rice that was planted by our hands [in the spring]."





## Employee Health and Safety

### Management Approach

The safety of our employees is critical to our overall success. We aim to protect the health and safety of our personnel throughout our entire operation, including our offices, manufacturing sites, R&D centers, and our field team working at customer sites. We recognize that behavior and training are the most important factors in preventing incidents. Therefore, we established a rigorous health and safety program that uses consultation, education, and awareness to reinforce that safety is the responsibility of every employee, contractor, customer, supplier, and visitor. This culture forms the basis of our strong record of safety performance.

We believe that all workplace injuries and EHS incidents are preventable. With continued investment in injury prevention and reduction programs, we strive to achieve an incident-free workplace and ensure that our employees return home safe every day. Our EHS Management System is externally certified to OHSAS 18001, the international standard for occupational health and safety management systems. Through in-depth study of the data collected, we are able to identify leading indicators, pinpoint opportunities for improvement, and drive corrective actions.



**Injury Rates**

We strive to achieve an incident-free workplace across the globe. One metric to measure our success against this goal is the U.S. Occupational Safety and Health Administration’s (OSHA) recordable incident rate.

Lam ended 2017 with a recordable rate of 0.35, two-thirds less than the semiconductor equipment industry average of 1.1, with no severe injuries. Much of our success in sustaining our low recordable rate is due to our proactive prevention and awareness programs. A key element of these programs is our employee- and management-driven Risk Management By Walking Around (RMBWA) inspection process. RMBWA inspections not only help us identify and track corrective actions for potential health and safety risks, they drive active engagement in our health and safety programs. We use the inspection findings to identify areas of focus and training and to inform what topics we include in our regular safety updates to employees. In 2017, we completed 132,320 RMBWA inspections, up from 77,256 in 2016. Another tool is Global Rapid Field Risk Assessment (RFA) to help our engineers assess and mitigate risks associated with non-standard tasks at customer sites. Another is S.A.F.E. (Safety Awareness for Everyone), which engages employees in safety training that is topical and relevant. We share safety messages monthly with our employees who work in a manufacturing, laboratory, operations, or field-service workplace. Other employees get S.A.F.E. messages quarterly.

In 2018, we are focused on proactively identifying and reducing company-wide risks and furthering our efforts to achieve an incident-free workplace.





# Summary

Performance Area	2015	2016	2017
<b>Company Overview</b>			
Number of full-time employees	~7,300	~8,200	~10,200
Revenue <sup>1</sup>	\$5.3B	\$5.9B	\$8.0B
R&D spend (as percentage of revenue) <sup>1</sup>	~\$825M (15.7%)	~\$914M (15.5%)	~\$1B (12.9%)
<b>Workplace</b>			
Employee retention rate	95%	94%	95%
Average service years	8.6	8.3	7.3
Giving by the Lam Research Foundation	\$2.1M	\$2.1M	\$3.3M
<b>EHS Management System</b>			
RMBWA	37,301	77,256	132,320
OSHA recordable incident rate	0.33	0.28	0.35
GHG emissions Scopes 1 and 2 (MT CO <sub>2</sub> e)	67,655	73,082	78,370
GHG emissions Scope 3 (MT CO <sub>2</sub> e)	32,156	33,275	24,103 <sup>2</sup>
Hazardous waste diversion	17%	18%	23%
Recycling diversion	70%	61%	70%
Water usage (cubic meters)	537,548	609,101	586,870
Number of environmental fines	0	0	0

1. All figures are for calendar year, with the exception of revenue and R&D spend which are presented on a fiscal year basis: 2015 is for the fiscal year ending June 28, 2015; 2016 is for the fiscal year ending June 26, 2016; 2017 is for the fiscal year ending June 25, 2017.

2. Actual emissions were 45,203. Carbon credit from air travel achieved a 47% reduction to 24,103.

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	Disclosure 102-2 Activities, brands, products, and services	Company Overview, p.7
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	Disclosure 102-4 Location of operations	Company Overview, p. 7
	Disclosure 102-5 Ownership and legal form	Company Overview, p. 7
	Disclosure 102-6 Markets served	Company Overview, p. 7
	Disclosure 102-7 Scale of the organization	Company Overview, p.7
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	Disclosure 102-9 Supply chain	Company Overview, p. 9
	Disclosure 102-10 Significant changes to the organization and its supply chain	Company Overview, p. 9
	Disclosure 102-11 Precautionary Principle or approach	2017 10-k, p 13+
	Disclosure 102-12 External initiatives	Community p. 17-19, Environment and Safety, p.21-25, Workplace p. 12,14,15
	Disclosure 102-13 Membership of associations	Indo American Chamber of Commerce; Innovation Tri-Valley; Joint Venture Silicon Valley; National Association for Environmental Management; National Association of Foreign Trade Zones; National Safety Council; SEMI; Silicon Valley Leadership Group; Silicon Valley Tax Directors Group; Technology Association Oregon; Tualatin Chamber of Commerce
	Disclosure 102-14 Statement from senior decision-maker	CEO Letter, p. 3
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	Disclosure 102-19 Delegating authority	2017 Proxy, Governance Matters
	Disclosure 102-20 Executive-level responsibility for economic, environmental, and social topics	Yes
	Disclosure 102-21 Consulting stakeholders on economic, environmental, and social topics	About this Report, Stakeholder Engagement, p. 6
	Disclosure 102-22 Composition of the highest governance body and its committees	2017 Proxy, Governance Matters, p 7-12
	Disclosure 102-23 Chair of the highest governance body	Stephen G. Newberry
	Disclosure 102-24 Nominating and selecting the highest governance body	2017 Proxy, p. 19+
	Disclosure 102-25 Conflicts of interest	2017 Proxy, p. 9
	Disclosure 102-26 Role of highest governance body in setting purpose, values, and strategy	2017 Proxy, Role and Engagement of Board, p. 11
	Disclosure 102-27 Collective knowledge of highest governance body	2017 10-k, p 43-51
	Disclosure 102-28 Evaluating the highest governance body's performance	2017 Proxy, Compensation Matters, p. 12, 15
	Disclosure 102-29 Identifying and managing economic, environmental, and social impacts	About this Report, Lam's Approach to CSR, p.4
	Disclosure 102-30 Effectiveness of risk management processes	2017 10-k, p 13-23, 2017 Proxy, p. 12
	Disclosure 102-31 Review of economic, environmental, and social topics	About this Report, Lam's Approach to CSR, p.4
	Disclosure 102-32 Highest governance body's role in sustainability reporting	About This Report, p. 4
	Disclosure 102-33 Communicating critical concerns	Critical concerns are elevated to the Board of Directors at the discretion of the Executive Committee
	Disclosure 102-34: Nature and total number of critical concerns	Workplace, Employee survey, p. 12. The total number of critical issues is not available.
	Disclosure 102-35 Remuneration policies	2017 Proxy, Executive Compensation, p. 35+
	Disclosure 102-36 Process for determining remuneration	2017 Proxy, Executive Compensation, p. 35+
	Disclosure 102-37 Stakeholders' involvement in remuneration	2017 Proxy, Executive Compensation, p. 35+
	Disclosure 102-38 Annual total compensation ratio	This is considered confidential information at this time
	Disclosure 102-39 Percentage increase in annual total compensation ratio	This is considered confidential information at this time



# GRI Index (continued)

	Disclosure 102-40 List of stakeholder groups	About This Report, Stakeholder Engagement, p. 6
	Disclosure 102-41 Collective bargaining agreements	None
	Disclosure 102-42 Identifying and selecting stakeholders	About this Report, Stakeholder Engagement, p. 6
	Disclosure 102-43 Approach to stakeholder engagement	About this Report, Stakeholder Engagement, p. 6
	Disclosure 102-44 Key topics and concerns raised	Workplace, Employee Survey, p. 12
	Disclosure 102-45 Entities included in the consolidated financial statements	2017 10-k, p.96
	Disclosure 102-46 Defining report content and topic boundaries	About This Report, p. 4
	Disclosure 102-47 List of material topics	About This Report, p. 5
	Disclosure 102-48 Restatements of information	Environment Chapter, Renewable Energy, p. 21; Hazardous Waste, p. 23
	Disclosure 102-49 Changes in reporting	About This Report, p. 4
	Disclosure 102-50 Reporting period	Calendar Year 2017, exceptions noted p. 4
	Disclosure 102-51 Date of most recent report	2016
	Disclosure 102-52 Reporting cycle	Annual
	Disclosure 102-53 Contact point for questions regarding the report	<a href="mailto:CSR@lamresearch.com">CSR@lamresearch.com</a>
	Disclosure 102-54 Claims of reporting in accordance with the GRI Standards	About This Report, p. 4
	Disclosure 102-55 GRI content index	Yes
	Disclosure 102-56 External assurance	No
<b>GRI 103</b>	<b>Management Approach</b>	
	Disclosure 103-1 Explanation of the material topic and its boundary	About This Report, p. 5
	Disclosure 103-2 The management approach and its components	Workplace, p.11; Environment, p.20; Safety, p.27; Community, p. 17
	Disclosure 103-3 Evaluation of the management approach	Workplace, p.11; Environment, p.20; Safety, p.27; Community, p. 17
<b>GRI 201</b>	<b>Economic Performance</b>	
	Disclosure 201-1 Direct economic value generated and distributed	<a href="mailto:investor.lamresearch.com">investor.lamresearch.com</a>
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	2016 CDP Report, section 5.1
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	2017 10-k, p. 78
	Disclosure 201-4 Financial assistance received from government	None
<b>GRI 202</b>	<b>Market Presence</b>	
	Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	We consider this information confidential.
	Disclosure 202-2 Proportion of senior management hired from the local community	All executives leading international operations are local.
<b>GRI 203</b>	<b>Economic Impacts</b>	
	Disclosure 203-1 Infrastructure investments and services supported	None
	Disclosure 203-2 Significant indirect economic impacts	Community, p. 17
<b>GRI 204</b>	<b>Procurement Practices</b>	
	1. Management approach disclosures	Company Overview, Global Supply Chain, p. 9; Supply Chain Policies, p. 34
	2. Topic-specific disclosures	Company Overview, Global Supply Chain, p. 9
<b>GRI 205</b>	<b>Anti-corruption</b>	
	Disclosure 205-1 Operations assessed for risks related to corruption	Company Overview, Our Values, p. 8
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Company Overview, Our Values, p. 8
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	We consider this information confidential.
<b>GRI 206</b>	<b>Anti-competitive Behavior</b>	
	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None

# GRI Index (continued)

<b>GRI 301</b>	<b>Materials</b>	
	Disclosure 301-2 Recycled input materials used	Environment and Safety, p. 23-25
	Disclosure 301-3 Reclaimed products and their packaging materials	Environment and Safety, p. 23-25
<b>GRI 302</b>	<b>Energy</b>	
	Disclosure 302-1 Energy consumption within the organization	Environment and Safety, p. 21, 23
	Disclosure 302-3 Energy intensity	Environment and Safety, p. 21
	Disclosure 302-4 Reduction of energy consumption	Environment and Safety, p. 21, 23
	Disclosure 302-5 Reductions in energy requirements of products and services	Environment and Safety, p. 21
<b>GRI 303</b>	<b>Water</b>	Environment and Safety, p. 19-21
<b>GRI 304</b>	<b>Biodiversity</b>	
	Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None known
	Disclosure 304-2 Significant impacts of activities, products, and services on biodiversity	None known
	Disclosure 304-3 Habitats protected or restored	Environment and Safety, Korean Cranes, p. 26
	Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	None known
<b>GRI 305</b>	<b>Emissions</b>	
	Disclosure 305-1 Direct (Scope 1) GHG emissions	Environment and Safety, p. 21, 24, 25
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Environment and Safety, p. 21, 24, 25
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Environment and Safety, p. 21, 24, 25
	Disclosure 305-4 GHG emissions intensity	Environment and Safety, p. 21, 24, 25
	Disclosure 305-5 Reduction of GHG emissions	Environment and Safety, p. 21, 24, 25
<b>GRI 306</b>	<b>Effluents and Waste</b>	
	Disclosure 306-1 Water discharge by quality and destination	Environment and Safety, p. 22-24
	Disclosure 306-2 Waste by type and disposal method	Environment and Safety, p. 22-24
	Disclosure 306-3 Significant spills	None
	Disclosure 306-5 Water bodies affected by water discharges and/or runoff	Environment and Safety, p. 22-24
<b>GRI 307</b>	<b>Environmental Compliance</b>	
	Disclosure 307-1 Non-compliance with environmental laws and regulations	None
<b>GRI 308</b>	<b>Supplier Environmental Assessment</b>	
	Disclosure 308-1 New suppliers that were screened using environmental criteria	Company Overview, Global Supply Chain, p. 9
	Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Company Overview, Global Supply Chain, p. 9
<b>GRI 401</b>	<b>Employment</b>	
	Disclosure 401-1 New employee hires and employee turnover	Workplace, p. 11-13
<b>GRI 402</b>	<b>Labor/Management Relations</b>	
	Disclosure 402-1 Minimum notice periods regarding operational changes	Varies by Local Law.
<b>GRI 403</b>	<b>Occupational Health and Safety</b>	
	Disclosure 403-1 Workers representation in formal joint management-worker health and safety committees	Employees of all levels are extensively involved in safety monitoring and initiatives.
	Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Environment and Safety, p. 28
	Disclosure 403-3 Workers with high incidence or high risk of diseases related to their occupation	None



# GRI Index (continued)

<b>GRI 404</b>	<b>Training and Education</b>	
	Disclosure 404-1 Average hours of training per year per employee	Not available. Total training hours p. 13
	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	Workplace, p. 13-15
<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>	
	Disclosure 405-1 Diversity of governance bodies and employees	We do not disclose employee diversity data. Board of Directors information can be found in the 2017 Proxy, p. 1-2
	Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Not reported
<b>GRI 406</b>	<b>Non-discrimination</b>	
	Disclosure 406-1 Incident of Discrimination and Actions Taken	We consider this information confidential.
<b>GRI 407</b>	<b>Freedom of Association and Collective Bargaining</b>	
	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
<b>GRI 408</b>	<b>Child Labor</b>	
	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	Company Overview, Global Supply Chain, p. 9
<b>GRI 409</b>	<b>Forced or Compulsory Labor</b>	
	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Company Overview, Global Supply Chain, p. 9
<b>GRI 411</b>	<b>Rights of Indigenous Peoples</b>	
	Disclosure 411-1 Incidents of violations involving rights of indigenous peoples	None
<b>GRI 412</b>	<b>Human Rights Assessment</b>	
	Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments	Company Overview, Global Supply Chain, p. 9
	Disclosure 412-2 Employee training on human rights policies or procedures	Company Overview, Values, p. 8 ; Global Supply Chain, p.9
<b>GRI 413</b>	<b>Local Communities</b>	
	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Community, p. 17
<b>GRI 414</b>	<b>Supplier Social Assessment</b>	
	Disclosure 414-1 New suppliers that were screened using social criteria	Company Overview, Global Supply Chain, p. 8-9
<b>GRI 415</b>	<b>Public Policy</b>	
	Disclosure 415-1 Political contributions	None
<b>GRI 416</b>	<b>Customer Health and Safety</b>	
	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	Environment and Safety, Safety Management Approach, p. 5, 27, 28
<b>GRI 417</b>	<b>Marketing and Labeling</b>	
	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	None
<b>GRI 418</b>	<b>Customer Privacy</b>	
	Disclosure 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	None

# References

[Lam Research](#)

[Products](#)

[Annual Reports](#)

[Corporate Social Responsibility](#)

[Code of Ethics](#)

[Supply Chain Policies](#)

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

## CREDITS

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

## CONTACT INFORMATION

If you have questions regarding this report or Lam's CSR activities, please contact:

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