

Lam Research Corporate Social Responsibility Report for 2014

Innovative **Technology**
Trusted **Productivity**
Fast **Solutions**

lamresearch.com

ABOUT THIS REPORT

Lam Research Corporation (Lam Research, Lam, or the company) has developed this Corporate Social Responsibility (CSR) Report to provide an overview of the company's facilities and operations relating to environmental, social, and economic performance. This report covers calendar year 2014.

Content

Our report is informed by the Global Reporting Initiative (GRI) G4 Guidelines, which provide a globally relevant framework for a standardized approach to reporting economic, environmental, social, and governance performance. We have included a GRI G4 index to show our alignment with GRI reporting elements and to document our progress toward a more extensive report. As we continue to refine our reporting process, we are working to further align our report with the GRI framework.

Content was developed based on a 2013 materiality assessment that identified business risks and opportunities relevant to Lam Research. There have been no significant changes to our business likely to materially impact this assessment since calendar year 2013.

Boundaries

Data reported in this document are for Lam Research; Lam's wholly owned subsidiaries Silfex, Corus, Metryx, and Peter Wolters (which was sold during 2014) are not included. Other exceptions and limitations are noted throughout the report.

Company Data

Lam Research is headquartered in Fremont, California, and we maintain a network of facilities throughout Asia, Europe, and the United States to meet the needs of our global customer base. Our research and development facilities are located in Fremont and San Jose, California; Tualatin, Oregon; and Villach, Austria. We have manufacturing facilities in the United States (California and Oregon), Austria, and Korea. In addition, service, technical support, and sales personnel are located throughout in China, Europe, India, Israel, Japan, Korea, Southeast Asia, Taiwan, and the United States.

Incorporated in 1980, Lam Research is a Delaware corporation and an S&P500® company whose common stock trades on the NASDAQ® Global Select Market™ under the symbol LRCX. For more information, please visit investor.lamresearch.com.

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LETTER FROM OUR CEO



Our definition of success at Lam Research goes beyond the achievement of financial goals and objectives to include sustainable business practices as an important demonstration of our Core Values. From the products we design and people we hire to our criteria for awarding community grants and scholarships, Lam's Core Values have long guided our decisions in every area of business. We view environmental, social, and economic responsibility as a natural expression and extension of being a values-based company.

We also recognize that these responsibilities are important to our stakeholders – customers, employees, shareholders, and others. They expect us to manage our finances and supply chain wisely, protect the environment, and care for our neighboring communities. To do this effectively, we are continuously reassessing and aligning our corporate social responsibility (CSR) activities.

In our CSR-related activities, we are pacing the company's continued business growth by using more aggressive benchmarks for environmental, health, and safety (EHS) activities. In response to growing international concern for human rights abuses, our supply chain management involves training employees who have supply chain management responsibilities, rigorous supplier auditing, and reviewing supplier materials sourcing.

We challenge ourselves to achieve excellence in our CSR-related activities by anchoring our programs in robust processes, standards, and benchmarks with a vision for continuous improvement. Since 2001, Lam Research has been registered under the international Quality Management System standard ISO 9001. We are also a charter member of SEMI® Global Care™, an EHS-focused initiative.

To reach out to our communities, during 2014 Lam employees personally donated more than \$930,000 and recorded almost 7,500 volunteer hours – a 133% increase over last year. In addition, the Lam Research Foundation distributed nearly \$4 million, matching employee donations and volunteer hours and supporting community pro-

grams ranging from high school robotics programs to helping underprivileged families heat their homes in the winter.

We are pleased with our progress in the areas of CSR, while keeping an eye on opportunities to do more. As we enable chipmakers to deliver the next generation of devices through enabling technology and trusted productivity, we are also committed to helping our customers reduce their impact on the environment and improve overall safety for the industry. In addition, we are focused on preparing the next-generation workforce for our industry through school-based initiatives in science, technology, engineering, and math, as well as nutritional programs to support healthy lifestyles. We believe that through our efforts, we can make a positive impact on the industry and the communities in which we live and work.

Thank you for your interest in Lam Research. We appreciate your feedback and support to help us further improve as a member of the global community. On behalf of the employees at Lam, it is both an honor and a responsibility to be a part of an organization that impacts the lives of people around the world.

Martin B. Anstice

President and Chief Executive Officer

COMPANY OVERVIEW

INNOVATIVE TECHNOLOGY. TRUSTED PRODUCTIVITY. FAST SOLUTIONS.

It is hard to imagine a world without readily accessible and easy to use electronic products since there are a myriad of sophisticated devices all around us. From smartphones and tablets to household appliances, medical devices, and cars, these products are literally everywhere.

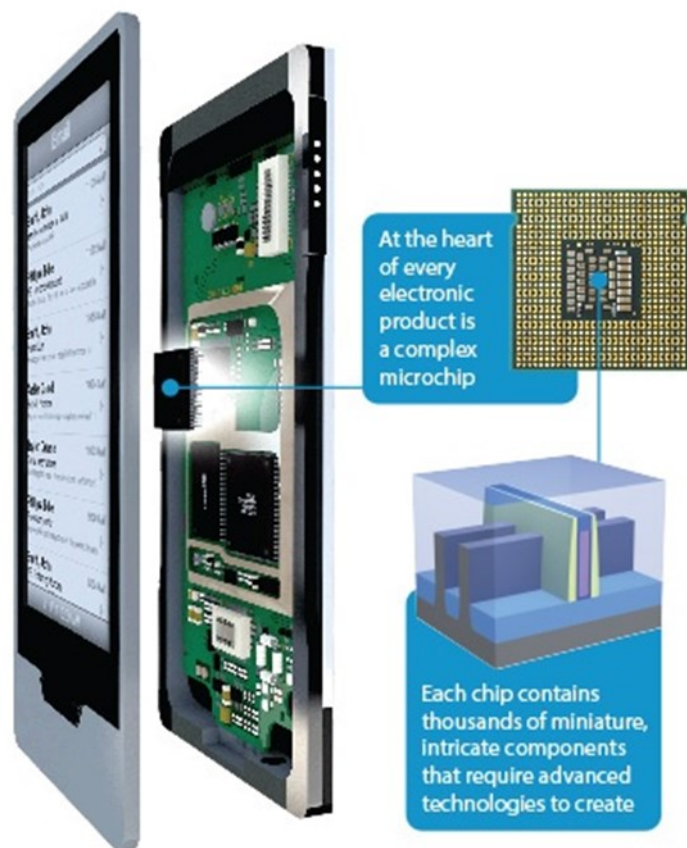
As a leading supplier of wafer fabrication equipment and services to the global semiconductor industry, Lam Research develops innovative solutions that help our customers build smaller, faster, more powerful, and more power-efficient electronic devices—the kind that are driving the proliferation of technology into our everyday lives.

Our Role

To produce the tiny, complex chips used in products such as cell phones, computing devices, and entertainment gadgets, semiconductor manufacturers require highly sophisticated processes and equipment. Lam's products play a key role in this, allowing chip-makers to build device features that are more than 1,000 times smaller than a grain of sand. In fact, nearly every leading-edge integrated circuit made today has been processed with Lam Research equipment.

Our Products

Lam's market-leading products are used in several steps that are repeated multiple times throughout the chip-making process, including thin film deposition, plasma etch, photoresist strip, and wafer cleaning. Our customer support offerings are designed to deliver value throughout the equipment lifecycle, from system installation, production ramp, and new technology upgrades through end-of-life



Lam Research at a Glance

(Calendar year 2014, ended December 31, 2014)

Founded:	1980
Employees:	~6,900
Headquarters:	Fremont, California
Locations:	16 countries worldwide
Revenue:	~\$4.9 Billion
Research & Development:	~16% of revenue

asset management. By drawing on multiple areas of expertise—including engineering, research and development, manufacturing, and customer support—we continue to develop the new capabilities required by the industry.

Our Philosophy

Lam Research is working to solve our customers' toughest challenges and make a difference in the communities where we do business. Our success as a company is based on a solid foundation of technical achievement, close collaboration with our customers, and delivering on commitments. Lam's unwavering focus on mutual success with customers and partners, and our Core Values – including innovation, achievement, teamwork, and integrity – have allowed us to build on what has made us successful in the past and apply those strengths going forward.

Company Overview

Company Approach

The semiconductor capital equipment industry is characterized by rapid change in a competitive and global market. To stay ahead, Lam invests significant financial resources to enhance our product and services portfolio and to provide customer support globally. Last year, we invested about 16 percent of our total revenue in research and development (R&D) to create new and enhance existing products and processes. As a result, in 2014 we registered new patents and released several new products. Our investment in (R&D) has led to technology and productivity solutions that benefit our customers through lower defect rates, enhanced yields, faster processing times, and/or reduced cost.

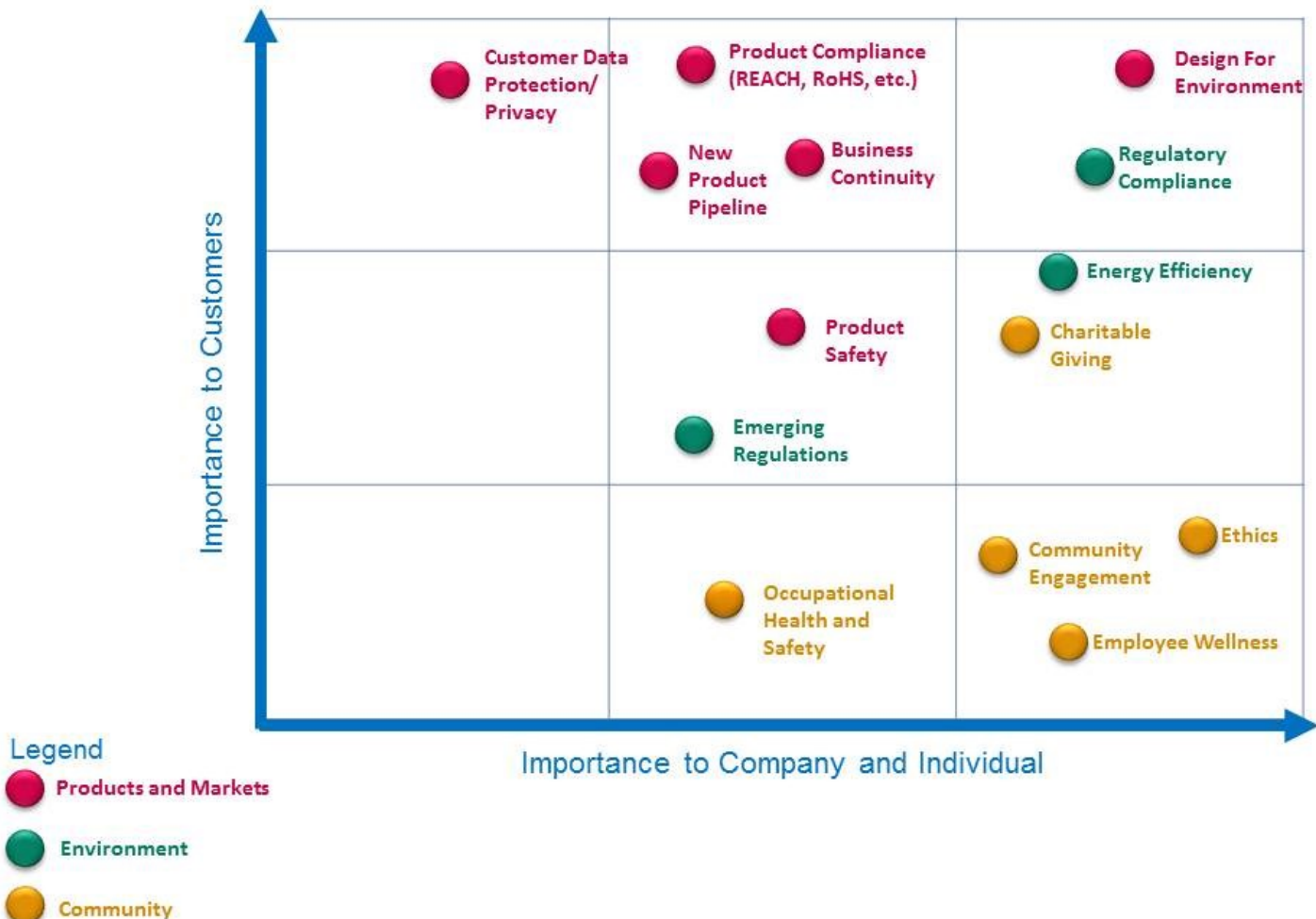
The impact of our R&D investments was recognized this year when Lam ranked as the 16th All-Star on CNBC's Research Quotient list. The list calculates the most innovative publically held companies in the market by comparing the percentage increase in revenues associated with a 1% increase in R&D spending. Lam was the only semiconductor manufacturing equipment company to make it into this elite group.

Material Topics

To identify key CSR topics, Lam worked with internal stakeholders to review the key corporate responsibility issues that might impact our business from the standpoint of our internal and external stakeholders. As part of this process, we met with employees across all of our functional groups to understand their concerns as well as those of our external stakeholders, including customers, shareholders, suppliers, policymakers, and communities.

Topic areas were selected through a formal process that included the use of a survey, interviews, and technical review by management advisors. Based on this feedback, more than 74 material topics were identified, from which a list of 14 priority topics emerged. These 14 topics were further prioritized based on their potential impact to customers, company, and individuals.

The figure below displays the topics that were identified then ranked by importance relative to our products and markets (red), environment (green), or community (yellow).



Lam Culture

MISSION, VISION OBJECTIVES, AND CORE VALUES

Lam's Mission, Vision Objectives, and Core Values are the foundation of our global company culture and guide our efforts as we strive to embed CSR. Our values-based culture unifies our employees around the world and provides a consistent approach to the strategic and operational priorities of our business. Having these values emphasizes the importance of respect, integrity, teamwork, and achievement.

Mission

Lam Research is dedicated to the success of our customers by being the world-class provider of innovative technology and productivity solutions to the semiconductor industry.

Vision Objectives

- Number one in customer trust
- Number one in market share
- A company where successful people want to work
- Best-in-class products and services
- Financial performance to:
 - Fund the solutions our customers require
 - Provide the return our shareholders expect

Core Values

What we believe, practice, and reward.

- Achievement
- Honesty and integrity
- Innovation and continuous improvement
- Mutual trust and respect
- Open communication
- Ownership and accountability
- Teamwork
- Think: customer, company, individual



A decorative graphic consisting of several large, overlapping triangles in various shades of blue (dark blue, medium blue, and light blue) arranged in a geometric pattern across the top and left side of the page.

Governance



GOVERNANCE

Everything we do is guided by our Mission, Vision Objectives, and Core Values. These principles underpin how we approach good corporate governance. Using these values helps us to be a trustworthy business partner, serve as a neighbor to our local communities, be a steward for the environment, and foster a culture of innovation.

Board of Directors

We have a board of directors consisting of 11 members, 9 of whom have been determined to be independent by the board in accordance with NASDAQ criteria for director independence. The board of directors has three standing committees: an audit committee, a nominating and governance committee, and a compensation committee. For more information regarding our governance, please see our most recent Annual Report.

Management Team

Our management team puts our Mission into practice, is responsible for the company's CSR performance, and reviews performance, risks, and opportunities. The management team considers CSR as part of the 3–5 year strategic plans from which corporate objectives and initiatives are set.

Each year the initiatives in the strategic plan are linked to our growth objectives and customer needs in the annual operating plans. Throughout the company, business unit plans are integrated and aligned with these goals, down to individual employees' objectives. As CSR has become more integrated into our business, we have integrated annual operating plans with sustainability actions that the different business units are using to drive forward the program.

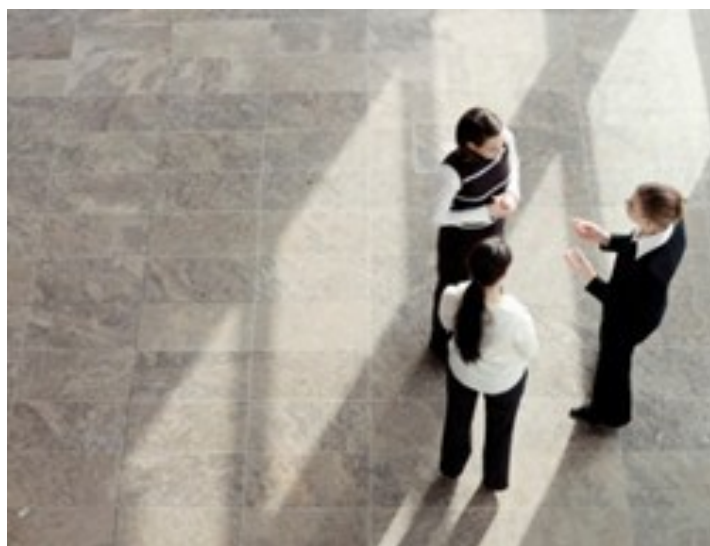
Ethics

Lam Research believes that upholding integrity in everyday operations is the responsibility of every employee. Lam has a Code of Ethics and a Global Standards of Business Conduct that establish standards to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Regular ethics training is required of all employees and updates are supplied in the quarterly ethics newsletters. We hold all employees accountable to Lam's Code of Ethics and Global Standards of Business Conduct, and violations may result in disciplinary action, up to and including termination.

Data Security

We strive for data protection and privacy, due diligence, and transparency, especially when it comes to our intellectual property and information concerning our customers. To promote data security, in 2012 Lam became one of the first semiconductor equipment manufacturers to achieve ISO/IEC 27001 certification for information security, confirming that our information management security system and program are compliant with globally recognized best practices for protecting information.

As part of the data security program, our management team receives regular updates on the results of audits to ensure compliance and continuous improvement.





Workplace



OUR PEOPLE

At Lam Research, our success comes from the commitment and innovation of our people. This last year, our business grew and so did our new hires. We added more than 400 new employees, growing by 6 percent.

We measure and track our ability to attract and motivate employees through key metrics such as our ability to maintain very low turnover. In 2014, we retained over 94 percent of our employees. With all of the new hires, our average tenure declined slightly from the previous year and at year-end was 7.6 years.

Investment in Our People

We have a culture where employees can develop personally and professionally. Our employees receive regular training and have numerous opportunities for professional development. Lam's employee training program has been consistently recognized for excellence. We have a number of initiatives that led to the success of our training organization.

- Field Engineer Training and Certification Program – provides training to employees and contractors on how to work with our equipment and optimize for environmental, health, and safety considerations while maintaining the machines;
- President's Management Forum – identifies and grows top talent within our organization through direct access to the leadership team;
- Leadership Program – offers structured mentoring, coaching, enhanced certification programs, and the use of new technologies to deliver training; and
- Educational Reimbursement – for training needs where we do not have an internal program, we provide reimbursement of up to \$10,000 per year to support employee growth and development.

Compensation and Benefits

We frequently evaluate our compensation programs to maintain or enhance their competitiveness. One of the benefits we currently provide to employees is a 401(k) retirement savings plan for our full-time employees in North America. We match employee contributions to the plan at the rate of 50 percent of the first 6 percent of earnings contributed. Employees are fully vested in the company matching contributions the moment they begin participating in the 401(k) retirement savings plan, and investments are directed by participants.

Labor

Fair and humane employment practices are a core business principle to ensure compliance with applicable laws and provide a productive and fair workplace. As outlined in our Global Employment Practices Policy, Lam Research supports freely chosen employment, avoidance of child labor, compliance with applicable wage and benefits laws, humane treatment of employees, non-discrimination, and freedom of association. We also believe in supporting our employees and have developed programs such as flexible work schedules to help address business needs as well as employee personal needs by letting employees use alternative schedules to the normal work week.

Commitment to Diversity

Behind everything we create are our people. We are committed to building cross-functional teams across our global business footprint. Through these teams, employees exchange and promote new ideas, interact with each other, and learn about different cultural perspectives.

Diversity plays an important role in our business as we work to stay ahead of the competitive international market. We recognize that our employees possess unique viewpoints and experiences that are the key to unlocking new innovations and achieving our mission of being a world-class provider to the semiconductor industry. In 2014, the percentage of women in our workforce was 18 percent and so we continue to focus on diversity. To promote diversity, we work with several organizations that specialize in the training, placement, and support of women, minorities, veterans, and people with disabilities throughout our global offices.

To ensure a workplace where people of diverse backgrounds can thrive, Lam Research practices a performance-based culture in which each employee undergoes development without consideration of race, color, sex, religion, national origin, ancestry, age, sexual orientation, physical or mental disability, marital status, veteran status, genetic information or any other category protected by applicable federal, state, or local laws. Through our Performance Management and Development Process annual performance goals are identified and aligned with the highest business objectives. We expect that progress against performance goals should be communicated in regular performance appraisals with employees throughout the year.

OUR PEOPLE

Commitment to Diversity cont.

Our commitment to global diversity extends to fostering the next generation of semiconductor engineers. Our goal is to prepare more students for success in technological and engineering careers. Lam Research grants support programs to advance the quality of education, empowering the next generation and enhancing math and science by funding educational programs from kindergarten through college.

As an example of the types of programs we support, Lam funds a program in the Fremont school district called Project Lead the Way, which provides an engineering curriculum for middle school and high school students. Through this program, we are introducing engineering to students from diverse backgrounds; 85% of the students in the school district are from minority groups. We are proud that the Lam Research Foundation has supported this program from the beginning by doing everything from helping to develop the curriculum, to purchasing materials and serving on the advisory board.

Wellness

The physical health and wellness of our employees is extremely important. Lam Research has onsite programs or facilities at some locations – including fitness, strength-training, and yoga classes – and negotiates discounted rates for health club memberships.

For our onsite cafeterias, we partner with contractors to provide healthy and nutritious meals, using seasonal ingredients from local and organic farms. Beyond the health and wellness of our employees, our cafeteria service providers also support Lam's broader environmental targets of reducing energy and waste through energy audits, eco-efficient systems to convert waste to energy, and biodegradable packaging.



Lam Research is committed to positively impacting people around the world by collaborating with effective organizations to bring meaningful programs to our communities.

Through the Lam Research Foundation, we contribute to local, national, and international programs that enhance math and science education and improve peoples' lives. Education grants are made with the goal of preparing more students for successful careers in technology and engineering. In the regions where we do business, we focus on activities our employees care about that address a local need or issue, such as hunger, the environment, or animal protection.

The education programs we support are geared to motivate and excite students to succeed in math and science and to provide them with a variety of options to be active and healthy.



Five high school robotics teams participating in the Oregon PNW FIRST® (For Inspiration and Recognition of Science and Technology) Robotics Competition received support from Lam in the form of mentors and donations. Students learn engineering concepts and hone teamwork skills in this fun and competitive environment.



The Lam Research Heart & Soles 5K funds salad bars in Bay Area schools. More than 900 registrants helped fund 60 salad bars – double the goal for the first year. The event aligns with a state initiative, "Team California for Healthy Kids," that encourages healthy choices to help make students better learners. Kids who consume more fruits and vegetables develop healthy eating habits and reduce their risk of childhood obesity.

Our employees around the world participate in a variety of programs that help improve the quality of life for those in need and that provide care for the environment.



Lam's headquarters in Fremont, California, is adjacent to the Don Edwards San Francisco Bay National Wildlife Refuge. Employees work with the U.S. Fish and Wildlife Service to pick up trash and clear invasive weeds threatening to choke out the natural habitat.



Employees in South Korea brightened the days of children spending the holiday season away from home. They partnered with the Korea Childhood Leukemia Foundation to pack and deliver gifts to 250 children who were patients at local hospitals.



Kärntner Kinderkrebshilfe (Child Cancer Care Foundation Carinthia) and Kärntner in Not (Carinthians in Need).

During the winter holiday season, many employee groups include support for local charities in their celebrations. Employees in Austria collected funds for two charities helping those in need in their community:

Lam Research Giving By The Numbers

Donations to countries
outside the U.S.
more than tripled
in 2014

Since 2003, more than \$700K
in Core Values scholarships granted

9 \$10K scholarships
granted in 2014



Since 2000, Lam Research
has contributed **\$24M** to
its foundation

\$4M given to the community by the
Lam Research Foundation in 2014

Since 2000, the Lam
Research Foundation
has given **\$17M** to the
community

Since
2000,
\$2.4M in
employee
gift matches



Lam
employees
doubled
the number of
volunteer hours given
and donated more than
\$930K in 2014

*Annually recognized as a
"Top Corporate Philanthropist"
by both the
San Francisco
Business Times and
the Silicon Valley
Business
Journal*



\$1.2M
in employee gift matches
during 2014



Products, Services, and Supply Chain



PRODUCTS AND SERVICES

Lam Research is committed to delivering products that are safe, compliant with emerging regulations, meet our customers' challenges, and lower our environmental impact. We continue to develop innovative solutions to these challenges to deliver the best products on the market.

Design for Environment

The semiconductor industry is characterized by innovation and rapid change. The industry has been following Moore's Law for many years, doubling the number of transistors on a single chip approximately every 18 months by shrinking device dimensions. Smaller feature sizes increase both the complexity of the manufacturing process and the power consumed by semiconductor manufacturing equipment. Having higher power consumption adds to our customers' costs and the strain on environmental resources such as electrical grids.

When our engineers set out to design a product, they focus on the performance and productivity our customers require while considering ways to better manage power consumption and other resources used in manufacturing. For example, to help our customers reduce

their long-term energy use, Lam has developed an ECO-mode option for our current 300 mm products. ECO-mode communicates between the process module and peripheral equipment in the system to register when the process module is on standby mode and allows the peripheral equipment to enter a low-energy state. The energy savings from using a standby mode rather than running continuously can be significant. When we have monitored the results of ECO-mode, there was up to 50 percent less power consumption when compared with Lam's 200 mm products.

Our products also meet the applicable environmental regulations and standards in the markets we serve. Lam Research has taken a leadership role in the SEMI equipment suppliers' group since 1994 to help address a series of new product regulations, including the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) in Europe and later under the Chinese RoHS regulations. Our engagement with these regulations promoted mutually beneficial implementation guidance and streamlined Lam's compliance. As more of these regulatory programs have been developed, we have also identified lessons learned and applied them to each successive program.

Product Safety

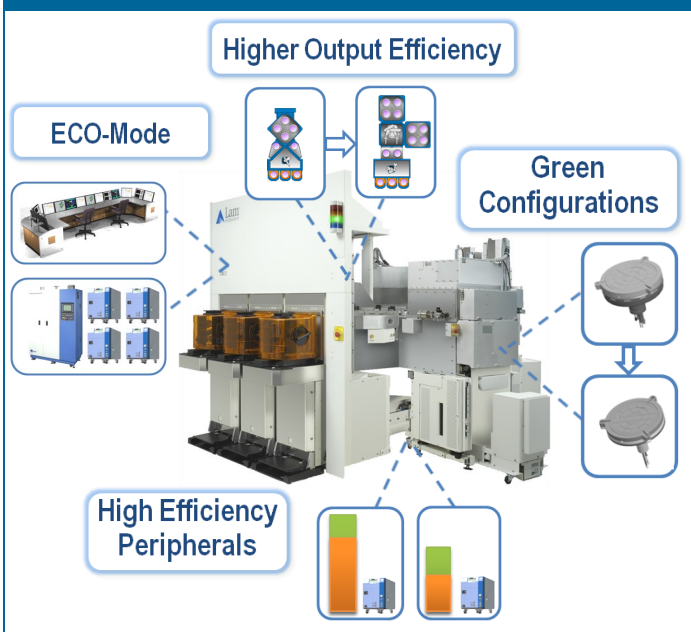
Lam is an industry leader in product safety. Product safety engineers are involved throughout the design lifecycle to ensure our products meet applicable regulations and standards in the markets we serve.

To improve our performance as well as the industry's, we have also collaborated with other companies on product safety to share best practices. Starting two decades ago and stretching to the present, we worked with stakeholders across the industry, to develop, implement, and improve the SEMI S2, Environmental, Health, and Safety Guideline for Semiconductor Manufacturing Equipment. These standards are broadly used across the semiconductor industry and have been used as a model for other industries.

In alignment with the industry, Lam Research adopted SEMI S2 standards as our primary safety design guidelines. To ensure the continual quality of our program, we frequently have third party auditors come and test our products. These measures have helped make semiconductor fabrication safer and Lam products some of the safest products in our marketplace.

Our approach to product safety does not end with the equipment itself. When we deliver equipment, as part of our global Environmental, Health, and Safety (EHS) programs, we provide safety training and documentation to our entire network of product service engineers and customers. Our program around product safety mirrors that of our internal safety standards and reflects our commitment to quality.

Lam Research Green Features Enable Energy Savings



SUPPLY CHAIN

Our supply chain stretches around the globe as we source the specialized products and components needed for our process equipment and services. Given our complex business, we focus our supplier management extensively on our top tier of suppliers that support our manufacturing operations. We use a team approach to working with our supply chain and actively work to share best practices and mitigate our collective challenges. Our supply chain is held to the same Core Values to which we hold ourselves, and we are committed to rewarding integrity and continuous improvement.

Supply Chain Initiatives

We strive to incorporate our supply chain expectations into our contracts and reinforce them by our data collection, training, and auditing programs. The programs we have are intended to verify our suppliers are in compliance with regulations and meet our own quality and CSR standards. In the past, we have focused on human rights and conflict minerals, and we are now expanding our supply chain programs to incorporate environment and safety metrics.

To verify compliance with our global supply chain standards, Lam Research:

- Verifies prospective direct product suppliers;
- Periodically audits direct product supplier operations;
- Requests a written certification from major direct product suppliers that the materials incorporated in their products comply with applicable laws and regulations, including laws regarding slavery and human trafficking of the country or countries in which they are doing business; and
- Trains front-line employees and managers with direct responsibility for supply chain management on how to identify and mitigate risks.

Supplier Day

During our 10th Supplier Day, Lam Research focused on collaboration and creating opportunity for mutual success with our customers and suppliers. Throughout the day, we discussed emerging opportunities, new developments, and performance with representatives from our global supplier base.

In 2014, we recognized six of the top companies with Supplier Excellence Awards. These awards acknowledge exemplary performance to pre-defined standards, including on-time delivery, quality, cost reduction, and several areas of flexibility and support. Chosen from among Lam's preferred global suppliers, these companies also stood out for their willingness to exceed performance requirements.

The following six companies were recognized:

- Cal Weld (Fremont, California)
- Edwards Limited (West Sussex, United Kingdom)
- Jabil Circuit, Inc. (St. Petersburg, Florida)
- Rapid Manufacturing (Anaheim, California)
- Shinko Electric Industries Co., Ltd. (Nagano, Japan)
- Swagelok Co. (Solon, Ohio)

Conflict Minerals

To address growing international concern over the violence and human rights abuses fueled by mining operations controlled by armed militias in the Democratic Republic of Congo and neighboring countries, the United States has adopted legislation under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act pertaining to certain covered minerals including tin, tantalum, tungsten, and gold (and their derivatives).

Lam Research does not directly purchase the covered minerals contained in its products or have any direct relationship with the mines or smelters that process them. Since 2012 we have been working with our suppliers to determine the sources of any covered minerals contained in our products. It is our goal that we use in our products only covered minerals that are sourced responsibly.

In support of this policy, Lam Research:

- Complies with reporting obligations under Section 1502;
- Communicates Lam's expectations for conflict-free materials sourcing to suppliers;
- Works with suppliers to provide due diligence information that will assist in responsible sourcing decisions and supply chain transparency; and
- Works with customers, suppliers, and industry groups to collaborate on industry-wide solutions to facilitate transitions to conflict-free materials sourcing in the future.



EHS Management System



EHS MANAGEMENT SYSTEM

At Lam Research, we strive to meet and exceed applicable government standards and regulations by providing a safe and healthy workplace while reducing our environmental footprint. We take our responsibility seriously, and our program outlined in the Environmental, Health, Safety, and Sustainability Policy is signed by the CEO and the Corporate VP of Global Quality.

The EHS Management System is aligned with rigorous international standards and is continually improved and updated. Our system is externally certified to ISO 14001 and more recently OHSAS 18001, the international standard for occupational health and safety management systems, as well as meeting the key elements of ANZI-Z10-2005, California Injury and Illness Prevention Plan (IIPP), and the Eco Management and Audit Scheme (EMAS) as certified at our Villach, Austria manufacturing and R&D center.

The Environmental, Health, Safety, and Sustainability Policy endorses the following commitments:

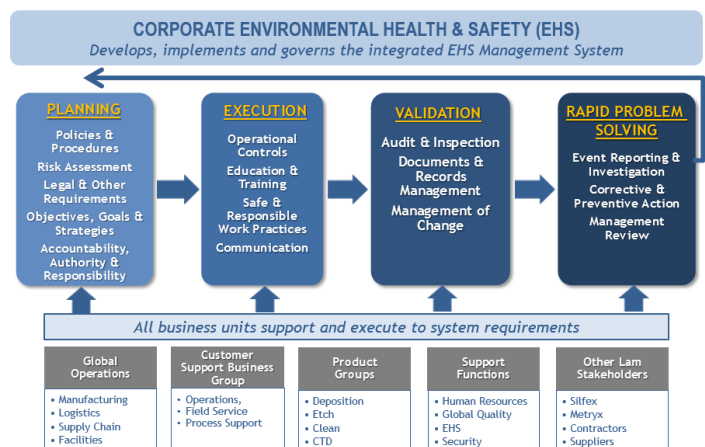
LAM PERSONNEL AND OPERATIONS – We will protect the environment and the safety and health of all Lam personnel, minimizing our EHS risk through prevention of illness and injury and reduction of environmental impact. All Lam personnel are expected to be involved in furthering this objective.

SOLUTIONS FOR CUSTOMERS' AND SUPPLIERS' EHS CONCERNS – These concerns are integral to our processes, services, and product designs, including responsible management throughout our products' lifecycles. We educate customers, suppliers, and the public about the safe use of our products and openly communicate the protective measures we take for employees, our communities, and other key stakeholders.

ACCOUNTABILITY – We utilize the Lam Research EHS Management System to apply global standards, including compliance with applicable laws and regulations and other standards to which we subscribe. Our executives and managers are measured and held accountable for the safety and environmental performance of the business. We hold every employee accountable for his or her role in meeting our commitment.

STAKEHOLDER INVOLVEMENT – We work with stakeholders to comply with laws and regulations and develop standards that safeguard the community, workplace, and environment. As a responsible corporate citizen, we demonstrate this commitment by working within our communities and actively pursuing independent certifications and recognition, as appropriate.

CONTINUOUS IMPROVEMENT – We address occupational injuries and illnesses, air emissions, wastes, and inefficient use of resources and energy as preventable process defects. We continuously improve our EHS Management System and work collaboratively with suppliers and customers to deliver solutions that meet business and EHS objectives.



EHS Management System

HEALTH AND SAFETY

At Lam Research, we believe that all injuries and safety incidents are preventable. Since we know that behavior and training are the most important factors in preventing incidents, we have established a rigorous health and safety program reinforcing that safety is the responsibility of every employee, contractor, customer, supplier, and visitor. Through the EHS Management System, we closely monitor our performance and constantly look for opportunities to improve.

As part of our performance monitoring, we continually reassess our operations to prevent safety risks from high risk and routine activities. By using an integrated EHS risk assessment methodology, we have evaluated the overall effectiveness of our safety programs. This assessment led to the development of a number of new programs, including Risk Management by Walking Around, Rapid Field Risk Assessment, and Safety Awareness for Everyone. Now several years into our programs, we have had some notable results in our safety performance.

Our Safety Performance

While recognizing that even one incident is one too many, we continue to have a strong record on our safety performance. The 2014 Occupational Safety and Health Administration (OSHA) recordable incident rate for Lam Research was 0.42 incidents per 100 employees. This is more than half of the semiconductor equipment manufacturer industry average of 0.9.

We believe that much of our success in reducing the OSHA recordable rate is from the implementation of our robust EHS Event Tracking System. As part of this system, our monthly inspection rate increased by 240 percent compared to last year as employee participation in risk identification and mitigation is growing. We completed 8,138 Risk-Management-By-Walking-Around (RMBWA) inspections yielding 2,745 “good-catches” or safety hazards addressed. Among the good-catches identified in 2014, housekeeping issues and slip/trip/fall hazards were the most common. To continue to reach our targets, we are working to promote and disseminate messages to our employees through the Safety Awareness for Everyone program.

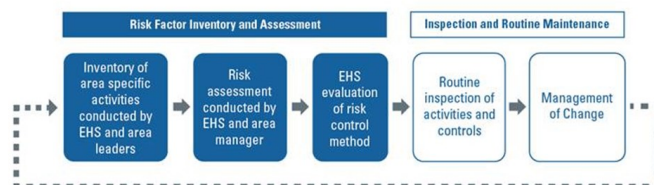
Although our lost work day case rate increased from 0.12 to 0.16, the rate remains lower than the industry average of 0.2. As we continue to leverage the key enablers of the EHS Management System, we expect our safety program will continue to improve.

Our Programs

Risk Management by Walking Around (RMBWA)

RMBWA is the routine inspection process for risk identification and mitigation. We have area-specific training on what to look for and how to conduct an EHS inspection. The “what” to look for includes environmental, health, safety, and security risks. When risks are

identified, they are recorded in the EHS Event Tracking System to help identify trends and encourage continual improvement. Participation is required by both employees and managers and employees are empowered to take ownership and accountability for risks in their work areas. This integrated inspection process is conducted in office areas, engineering labs, manufacturing locations, and customer sites in order to reduce risk and help our customers meet their EHS objectives as well.



Global Rapid Field Risk Assessment (RFRA)

Since many of our risks occur at customer sites, RFRA is a tool to help our engineers assess and mitigate risks associated with non-standard tasks in the field. RFRA is used in advance of non-standard tasks to assess potential risks and apply rapid responsible mitigation to keep people safe and prevent business interruptions. Based on RFRA, proper precautions can be taken to ensure that applicable controls are in place, including communication to Lam's management team and customers who are involved in the decision-making process.

Risk Ranking Matrix		Probability					
		Almost Certain	Highly Likely	Likely	Unlikely	Remote	Not Reasonably Foreseeable
Severity	Catastrophic	Very High	Very High	High	Medium	Low	Very Low
	Severe	Very High	High	Medium	Low	Low	Very Low
	Moderate	High	Medium	Low	Low	Very Low	Very Low
	Minor	Low	Low	Low	Very Low	Very Low	Very Low

NOTE: Risk matrix established using SEMI-510-0307; SEMI, 1996, 2007

Safety Awareness for Everyone (S.A.F.E.)

In order to prevent undesirable EHS-related incidents, we believe behavior and training are the most important factors. Employees at Lam Research receive EHS training that exceeds regulatory requirements. To keep our training engaging and continuously reinforce Lam's commitment to EHS throughout all aspects of the company, in 2013 Lam adopted the S.A.F.E. program. We share monthly EHS messages with our employees who work in a manufacturing, laboratory, operations and field service environments. Furthermore, a global S.A.F.E. message is disseminated to all employees bi-annually helping to ensure that our workplace remains one of the safest.

EHS Management System

ENVIRONMENTAL STEWARDSHIP

At Lam Research, we are committed to actively managing our operations and promoting environmental stewardship. Our environmental commitment is reinforced by our environmental targets:*

- Reduce energy usage by 5 percent below the 2010 baseline by 2015
- Reduce hazardous waste disposed offsite by 5 percent below the 2010 baseline by 2015
- Achieve and maintain a solid waste diversion rate of 85 percent by 2015
- Complete 100% of committed projects

*All targets are normalized by annual spend on research and development.

Over the last five years, we have charted our progress against these environmental stewardship targets and have been able to surpass most of them, despite challenges posed by our rapid growth. We have had several changes to our business due to acquisitions, expansions, and changes to how the existing space is utilized. In 2011, we acquired Novellus Systems, which significantly increased our footprint. More recently, our hours of operation for our manufacturing facilities have increased to be 24 hours a day, 7 days a week and now we are in the process of building several new facilities to accommodate our further growth. With the completion of our current targets, we are in the process of looking ahead and setting new targets.

Concentrating on Climate Change

Greenhouse gas emissions are generated by our use of natural gas for heating, fluorinated gases in research and development activities, and electricity in our manufacturing operations and physical plants. Our emissions are primarily from our overall energy use. Compared to the 2010 baseline, our energy usage during 2014 was 21 percent lower, surpassing our target of reducing energy usage by 5 percent.

We have taken a number of actions to reduce our emissions and by extension our energy use. Lam Research established a Global Energy Team to identify, track, execute, and manage global facilities projects. Over the last five years, these teams have addressed the easy opportunities such as making control modifications, shifting to more efficient lighting, and proactively managing building energy use. In some places, we have gone further, such as at our facility in Villach, Austria, where all of the electricity used since 2011 has been from 100 percent renewable resources. In the new building we have under construction in California, energy efficiency components are being designed in. All of the appliances are Energy Star certified, and we are looking into having the entire building Energy Star certified. Finally, the way we operate the building will also be enhanced by elements like new lighting control packages that use occupancy sensors to track the brightness, and daylight harvesting will optimize performance and further reduce energy use.

Reduce, Reuse, Recycle

Chemical wastes are generated primarily from our research and development and manufacturing activities. To reduce our environmental impact, we continue to re-evaluate our chemical waste streams to identify potential green chemistry alternatives and recycling opportunities as well as treatment and disposal options. At our manufacturing facilities, we have invested in on-site hazardous waste treatment, which has reduced the overall quantities of hazardous waste.

Solid waste at Lam's facilities is sorted to segregate recyclable materials and divert waste from disposal in landfills. Since 2006, the average landfill diversion rate at the company has risen from 54 percent to 82 percent or better, and we continue to see additional opportunities for recycling. In 2014, we increased our material segregation by composting cafeteria waste.

At our facility in Villach, we took additional actions. To ensure the transparency of waste separation, the number, locations, and labeling of waste containers were collected. Based on the data collected, to further ensure proper separation, all waste containers were labeled according to a consistent color-coding system.

Addressing Water

A significant portion of Lam's operations is located in California which is prone to water scarcity. We are therefore highly attentive to our water use. In 2010, Lam established aggressive multi-year reduction goals associated with water usage and re-use. New standards for internal water efficiency were established to ensure that water conservation is institutionalized into how Lam operates.

Lam facilities managers have explored and implemented new methods and technologies for saving water enabling us to meet the new mandatory water-use restrictions in California and to identify further opportunities for water reduction. In spite of the dramatic growth in our business and headcount in 2014, Lam was able to decrease water use by 8 percent.

As part of our 2010 to 2015 targets to implement 100 percent of committed projects, where water is not vital to our research or product development, we have consistently invested in efficiency upgrades and used non-potable water. Over the course of the last five years, we have pursued completing our committed projects, adapted to the new mandatory restrictions, and identified further opportunities for water reduction.

In 2010, Lam established aggressive multi-year reduction goals associated with water usage and re-use. In addition to the multi-year goals, the company established new internal standards for water efficiency to ensure that water conservation is institutionalized into how Lam operates. Smaller projects that continue support our reduction efforts include initiatives such as the installation of water saving toilets and faucets.

As water remains scarce, Lam continues to evaluate the feasibility of creative and broad reaching solutions. A number of these projects have been put into the internal project queue for funding and we look forward to expanding our water efficiency.

EHS Management System

ENVIRONMENTAL, HEALTH, SAFETY, AND SUSTAINABILITY METRICS

Corporate Environmental, Health, and Safety Scorecard								
EHS Metrics	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	% Change 2013 to 2014	% Change 2010 to 2014 (normalized)	2014 Targets
ENERGY								
Electricity (MWh)	94,963	106,694	103,985	110,772	108,559	-2%	-22%	5% reduction in energy use
Natural Gas (MWh)	29,474	31,141	31,395	37,833	35,322	-7%	-18%	
Total Energy (MWh)	124,437	137,835	135,380	148,605	143,881	-3%	-21%	
WASTE								
Hazardous Waste (Metric Tons)	1,425	1,462	916	884	981	11%	74%	5% reduction in hazardous waste disposed offsite
Hazardous Waste Recycled (Metric Tons)	--	--	56	43	43	0%	--	
Nonhazardous Waste (Metric Tons)	388	294	411	262	419	60%	-80%	
WATER								
Water Usage (Cubic Meters)	230,314	298,247	246,451	475,027	435,097	-8%	35%	Complete 100% of committed projects
RECYCLING								
Recyclable Mixed Media (Metric Tons)	1,909	989	1,916	1,075	1,302	21%	-53%	85% diversion rate
Diversion Rate (%)	75%	83%	88%	85%	82%	-4%	--	
HEALTH & SAFETY								
Total Case Incident Rate per 100 Employees (TCIR)	1.1	0.40	0.59	0.38	0.42	11%	--	0.45 TCIR
Total Lost Workday Case Incidence Rate per 100 Employees (LWCAIR)	0.80	0.20	0.23	0.12	0.16	33%	--	0.2 LWCAIR

The image features a complex background. On the left side, there is a large, abstract geometric pattern composed of various shades of blue triangles of different sizes, some pointing up and some pointing down, creating a tessellated effect. This pattern partially overlaps a landscape photograph. The landscape shows a vibrant green field in the foreground, a single large, leafy green tree in the middle ground, and a bright blue sky with scattered white clouds in the background. The text 'GRI G4 Index' is positioned in the upper right quadrant, overlaid on the sky and the geometric pattern.

GRI G4 Index

GRI G4 INDEX

Wherever possible, this report was developed in accordance with the core option criteria as outlined by the GRI Sustainability Reporting Guidelines (Version 4.0, 2013). The index below details the location of the core option elements and other GRI indicators included in this report.

GRI Indicator	Description	Status	Report Section
Strategy and Analysis			
G4:1	CEO Message	Full	Letter From Our CEO
Organizational Profile			
G4:3-9	Name of reporting organization; Products and services; Headquarters location; Countries of operation; Legal forms; Markets served; Scale of organization	Full	Content, Company Data, and Lam Research at a Glance
G4:10	Employee headcount data	None	Lam Research at a Glance
G4:11	Collective bargaining ¹	Full	
G4:12	Supply chain. description	Full	Supply Chain
G4:13	Significant changes during the reporting period	Full	Content
G4:14	Precautionary approach or principle	Full	Lam Culture
G4:15	Externally developed economic, environmental, and social charters, principles and other initiatives	Partial	Industry Standards
G4:16	Association memberships	Partial	Industry Standards
Identified Material Aspects and Boundaries			
G4:17	Operational structure	Partial	Governance
G4:18	Process for defining report content	Full	Content and Material Topics
G4:19	Material aspects	Full	Material Topics
G4:20	Aspect boundary within the organization	Full	Boundaries
G4:21	Aspect boundary outside the organization	Partial	Boundaries
G4:22	Explanation of restatements	Full	Content
G4:23	Significant changes from previous reporting periods	Full	Content
Stakeholder Engagement			
G4:24	List of stakeholder groups engaged by organization	None	
G4:25	Basis for identification and selection of stakeholders	None	
G4:26	Approaches to stakeholder engagement, including frequency by type and group	None	
G4:27	Key topics raised through engagement (by group), and how the organization responded	None	

¹ We do not currently employ unionized employees.

GRI G4 Index

Report Profile			
G4:28	Reporting period	Full	About This Report
G4:29	Date of most recent previous report	Full	About This Report
G4:30	Reporting cycle	Full	About This Report
G4:31	Contact point for questions	Full	Back Cover
G4:32	'In accordance' option and GRI Content Index	Full	GRI Index
G4:33	External assurance ²	None	
G4:34	Governance structure	Partial	Board of Directors and Management Team
G4:56	Values, principles, standards and norms of behavior	Full	Lam Culture
G4:58	Internal and external mechanisms for reporting concerns about ethical and unlawful behavior	Full	Ethics
Specific Standard Disclosures			
Our Citizenship			
G4-EC1	Community Investment	Full	Giving
Environmental Stewardship			
G4-DMA G4-EN3 G4-EN6 G4-EN7	Energy	Full	Environmental Resource Conservation
G4-DMA G4-EN8	Water	Full	Environmental Resource Conservation
G4-DMA	Waste management		Environmental Resource Conservation
G4-DMA G4-EN29	Compliance	Full	EHS Management System

² We do not currently preform external assurance.

GRI G4 Index

Our People			
G4-DMA G4-LA1	Employment	Partial	Investment in Our People?
G4-DMA G4-LA6	Occupational Health and Safety	Partial	EHS Management System
G4-DMA G4-LA10	Workforce Training and Education	Partial	Investment in Our People
G4-DMA	Diversity and Equal Opportunity	Full	Commitment to Diversity
Product Responsibility			
G4-DMA	Customer Health and Safety	Full	Product Environmental, Health Safety, and Compliance
G4-DMA G4-PR2	Customer Privacy	Full	Data Security
G4-DMA G4-PR9	Compliance	Full	Product Environmental, Health Safety, and Compliance
G4-DMA G4-EN27	Environmentally Responsible Products and Services	Full	Design for Environment

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www.lamresearch.com

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www.lamresearch.com/products/overview

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Corporate Social Responsibility:

www.lamresearch.com/company/corporate-social-responsibility

Code of Ethics:

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Supply Chain Policies:

www.lamresearch.com/company/corporate-social-responsibility/supply-chain

Lam Research AG Environmental Statement and Sustainability Report:

www.lamresearch.com/company/corporate-social-responsibility/e-h-s

Electronic Industry Citizenship Coalition:

www.eicc.info

Credits

Many employees supported 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: ehs@lamresearch.com

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Lam Research Corporation
4650 Cushing Parkway
Fremont, California 94538

Phone: 510.572.0200
www.lamresearch.com