

The United Kingdom (“UK”) Tax Strategy

This tax policy is published on 30 June 2019 and applies to the UK affiliates¹ of Lam Research Corporation. The UK affiliates consider this document to comply with the UK legislative requirements in paragraph 19(2) and paragraph 22(2), Schedule 19, Finance Act 2016. This strategy is in place as of 30 June 2019 and will remain in place until it is superseded by the publication of a new UK tax strategy.

Background

In September 2016, the Parliament of the UK enacted the Finance Act 2016 (the “Act”). According to the Act, a tax strategy needs to be published if certain requirements are met. The tax strategy should disclose the approach of the group to risk management and governance arrangements in relation to UK taxation, the attitude to the group towards tax planning (so far as it affects UK taxation), the level of risk in relation to UK taxation that the group is prepared to accept and the approach of the group towards its dealings with Her Majesty’s Revenue and Customs (hereinafter “HMRC”).

References to “UK Taxation” are to the taxes and duties set out in paragraph 15(1) of the Act which include Income Tax, Corporation Tax, Value Added Tax, Pay As You Earn (“PAYE”) tax, diverted profits tax, insurance premium tax, annual tax on enveloped dwellings, stamp duty land tax, stamp duty reserve tax, petroleum revenue tax, customs duties, and national insurance contributions.

Lam Research Corporation and its subsidiaries (hereinafter “Lam”) operate in over 20 countries, including the UK. The activities in the UK are relatively small and relate mainly to one of the UK affiliates’ manufacturing and research & development operations. Publication of the UK strategy is required given the size of Lam’s worldwide operations.

Risk management and governance in relation to UK taxation

Lam’s Global Standards of Business Conduct Policy provides a framework to guide all Lam employees, officers, and directors. It is intended to promote honest, ethical, and lawful conduct. This policy is not limited in scope and therefore applies to UK tax matters.

Our approach to UK taxation is to manage and report in a manner which provides compliance across all taxes, consistently complies with legal and regulatory requirements governing public statement and reports, meets our internal control requirements and supports our business and commercial strategy. We are committed to complying with all applicable UK tax laws, filings, and reporting disclosures. We have an established network of internal and external tax and finance professionals who are knowledgeable on the various direct and indirect UK taxes and who monitor ongoing tax law changes as well as changes in our business so that we may adapt our processes and deliverables accordingly. This network, along with our framework of internal policies and controls, seeks to ensure the complete and accurate communication of tax positions and risks as needed through our established governance and reporting processes to Lam Management, Board of Directors, and Audit Committee.

¹ UK affiliates includes the following entities: Lam Research Ltd. (U.K.) and Metryx, Ltd. (U.K.)

Tax planning and risks

Our approach to tax planning is to develop holistic tax-efficient solutions to support the commercial needs of our business while complying with tax rules and regulations worldwide. Lam aligns its transfer pricing policies with the guidelines of the Organisation of Economic Co-operation and Development (“OECD”) as well as the jurisdictions in which Lam operates. Lam applies the arm’s length principle when conducting intercompany transactions. We strive to pay the correct amount of taxes in the appropriate jurisdictions as defined by applicable law.

The level of risk we deem acceptable is consistent with our overall objective to comply with tax rules and regulations worldwide to support our business and commercial strategy. We account for tax risks in accordance with the applicable accounting standards and have controls in place over our tax reporting processes.

Dealing with HMRC

Lam is committed to the principles of openness and transparency with tax authorities. We look to maintain transparent and constructive relationships with HMRC. Pursuant to Lam’s Global Standards of Business Conduct Policy, we cooperate fully with any inquiries.