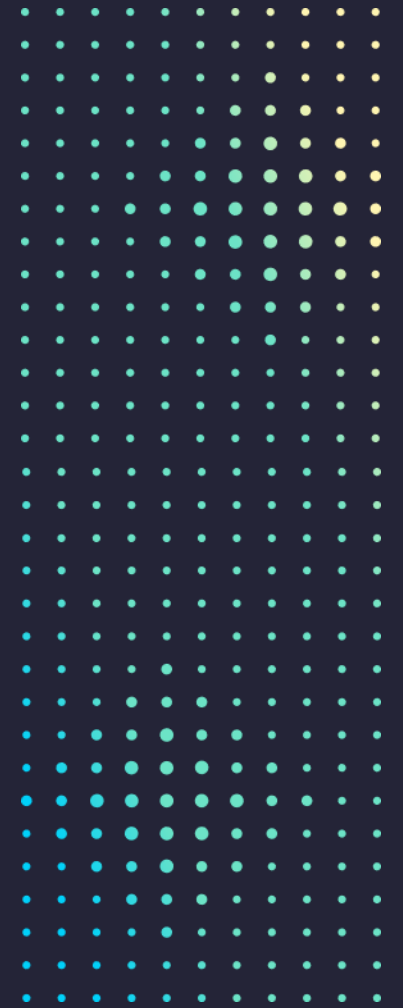


U.S. parental leave

Employee training

Dana Grossman-Gormley

Sr. Director, Global Benefits



Agenda

- 01 What's changing and why
- 02 Eligibility and advance notice
- 03 Description of plans and changes
- 04 Summary
- 05 Pay and administration
- 06 Employee resources

Why Lam is expanding parental leave

The enhanced policy is a significant demonstration of Lam's commitment to our core value of inclusion and diversity

We know how important family is to our employees, and we want to be sure we are providing best-in-class programs to support their needs

Employees are usually more engaged, committed, and happier when they feel that Lam is there for them when it matters

We believe the extended leave—along with our other benefits—will further enable us to attract and retain the best people



Eligibility and notice periods for parental leave

Eligibility

All U.S. regular-status full- and part-time employees

No minimum service requirement

Runs concurrently with all federal, state, and local leave regulations (e.g., FMLA, California Family Rights Act, Oregon Family Leave Act)

Advance notice

Employees must provide at least 30 days' notice for all leave requests (when foreseeable) and file a claim with TRISTAR

- Failure to provide notice could result in denial of leave

Employees can take bonding leave all at once or intermittently in 1-week minimum increments

- Advance notice is required, even for intermittent leave, unless circumstances do not allow for notice

TIP:

Have a discussion with your manager or HRBP when you know you may need to take a leave

U.S. maternity and disability leave changes

Changes to maternity apply to all disability leaves

	CURRENT			EFFECTIVE SEPTEMBER 1
Disability begins for maternity <i>(no medical necessity prior to birth)</i>	CALIFORNIA: 4 weeks before due date	OUTSIDE CALIFORNIA: 2 weeks before due date	➔	4 weeks before due date for all states
Disability ends	When deemed no longer disabled by their health care provider		➔	No change
Income replacement	70% of base pay (nontaxable)		➔	75% of base pay (nontaxable) for all disability leaves
Disability plan waiting period	7-day waiting period for pregnancy, illnesses, and injuries not requiring hospitalization • Waiting period is waived upon hospitalization		➔	No waiting period for pregnancy and all disability leaves
Waiting period income replacement	Exempt employees receive 100% salary continuation Nonexempt employees use PTO or unpaid time		➔	N/A: Plan will pay benefits starting with the first day of leave

- Birth mothers are typically eligible for 6 months of maternity leave, including a minimum of 4 weeks prior to birth and then an average of 6–8 weeks after delivery and then parental bonding leave begins
- If a birth mother does not use the 4 weeks of coverage prior to birth, the time is forfeited and cannot be used to extend the parental bonding leave time
- Disability payments are nontaxable; at 75% of base pay, most employees will receive about 100% of their pre-disability take-home pay

U.S. parental bonding and family leave changes

Changes to bonding leave apply to all family leaves

	CURRENT		EFFECTIVE SEPTEMBER 1
Duration	12 Weeks	➔	16 Weeks
Income replacement	100% of base pay (taxable)	➔	No change
Intermittent leave for bonding	Can be taken in 1-day increments	➔	Can be taken in 1-week increments

- 1-week minimum intermittent leave is important for business planning and absence management
- Employees have 1 year to complete their parental leave from the birth or custody of the child
- Employees who give birth or take custody of a child with another Lam employee will each be eligible for the full leave
- These parents are eligible for parental bonding leave:
 - Birth mothers, once they are no longer deemed disabled by their health care provider
 - Birth fathers, regardless of relationship with the birth mother
 - Those who become new parents through adoption, foster parenting, surrogacy, or legal guardianship

Summary of U.S. parental leave updates

Increase short-term disability (STD) benefits for maternity outside California

- Automatic approval will be for 4 weeks prior to birth (currently 2 weeks)
- California employees are already approved for 4 weeks before birth

Remove 7-day waiting period for disability benefits for pregnancy, illness, or injury

Increase disability benefit from 70% to 75% of base pay (nontaxable) for all covered disabilities

Increase family leave benefits from 12 to 16 weeks

Increase intermittent bonding leave minimum duration from 1-day to 1-week increments

Continue to prorate bonus for any leaves in excess of 30 days (cumulative in any calendar year)

Birth mothers will generally be eligible for 6 months (26 weeks) of leave

- Combination of 2 separate leaves: maternity disability and bonding leave

Other parents will be eligible for 4 months (16 weeks) of bonding leave

Pay and administration

Payments

Disability and Family leave benefits are paid from employee-funded trusts

- Employee contributions are a percentage of salary (capped based on plan) taken via payroll deduction
- California voluntary disability insurance (VDI) replaces the state program
- All other states have a short-term disability (STD) plan
- Funds can only be used for qualifying reasons
- Disability claims require medical documentation
- Payments for disability-related claims are nontaxable
- Payments for family-related claims are taxable

Administration

Administered and paid by TRISTAR

- All leaves of absence are administered by our vendor
- Payments are made by Tristar, not Lam or Silfex payroll
- Benefit deductions will not be taken from these checks
 - Benefits team provide instructions how to make payments for health and welfare benefits
 - During leave, 401k, ESPP, HSA, FSA deductions are suspended
- TRISTAR will deduct federal taxes(no FICA or Medicare) at Single/Zero rate for family-related claims and will issue a separate W-2 for these payments
 - CA and OR are state tax exempt; employees in all other states will be required to file state taxes for the applicable year's process
- Any delays with filing a claim and/or providing the required documentation to the vendor WILL cause a delay in payments
 - Employees should initiate claims as soon as possible and ensure your healthcare provider is responsive to any requests

Employee support



We know leaves of absence can be complicated and overwhelming at times:

- Be Proactive
 - When you know of your potential need for leave, talk to your manager
- Review the Resources on LamBenefits.com
 - You can find information on all leaves and benefits available
 - Contact Benefits@lamresearch.com
- Contact TRISTAR – Lam’s Leave of Absence Administrator
 - When you need more information or are ready to apply for a leave
844-610-1885



Q&A