



# U.S. – Time Off Practice

## *1. Purpose*

This document is intended to provide the following practices for regular-status U.S. employees who work 20 hours or more, unless otherwise noted or required by applicable law:

- Paid time off (including paid sick leave where required by law)
- Holiday pay
- Personal observance day
- Bereavement leave
- Catastrophic leave
- Jury duty leave
- School and day care activity leave
- Voting leave
- Other legally mandated time off

## *2. Scope*

These provisions apply to all U.S. regular full- and part-time employees (excluding Silfex employees, unless otherwise noted) working 20 hours per week or more (except that the 20-hours-per-week threshold will not apply if not permitted by an applicable law, such as California's paid sick leave). All other employees are excluded, including, but not limited to, employees who work less than 20 hours per week and individuals classified by Lam as interns, contingent workers, or independent contractors, unless otherwise required by applicable law. Employees based outside the United States are excluded, except as otherwise specifically designated by Lam Research.

For bereavement, jury duty, school and day care activities, and other statutorily designated reasons, employees may be allowed to take unpaid time off with manager approval, even if they have exhausted or are ineligible to take paid time off under these provisions.

Paid time off (PTO) incorporates the requirements of paid sick leave benefits as mandated by applicable state laws. Employees not eligible for PTO, such as directors and above and interns, are provided with accrued paid sick leave in accordance with their respective state's sick-leave laws. For employees below director level, paid sick leave is provided and accrued as part of their existing PTO accruals. The provisions set out below will continue to govern time off for sick leave, subject to any applicable state sick-leave laws. Unless otherwise required by local, state, or federal law, up to 40 hours of accrued PTO will be deemed "sick leave" for purposes of determining whether a particular absence is unscheduled. If you have questions about your business group's attendance expectations, refer to GHR – 70767: Global Punctuality and Attendance Practice, or consult your manager or HR Business Partner.

If state law provides greater or different sick leave benefits, the company will comply with all requirements.

This practice does not cover any other time off or leave of absence programs unless specifically stated. A leave of absence (LOA) is the entire length of time an employee is absent from work due to illness, injury, or pregnancy-related medical conditions; to care for an immediate family member with a certified serious health condition; to care for a new child; or to fulfill a military commitment. A leave of absence must be initiated for any absence that exceeds seven consecutive calendar days for an employee's own serious health condition or to care for a family member, including bonding with a child. In addition, Lam may approve a Personal Leave of Absence to take care of family matters, for travel, or for an educational purpose. See the Leave of Absence and Accommodation Practice for details.

## *3. Roles and responsibilities*

### **3.1. EMPLOYEE RESPONSIBILITIES**

It is the responsibility of all Lam employees to follow these provisions:

- Notify your manager as soon as possible in advance of your need for time off.
- Record the appropriate time off on your time card.
- Ensure you have appropriate work coverage for your absence.

### **3.2. MANAGER RESPONSIBILITIES**

It is the responsibility of all Lam managers to:

- Set expectations with your employees regarding the process, timing, and approvals for time-off requests.
- Ensure your team has appropriate coverage to support any absences.
- Review and approve time cards for your team members to ensure accurate recordkeeping.

## *4. Practices*

### **4.1. PAID TIME OFF**

The company provides eligible employees with paid time off (PTO) from work.

#### **4.1.1. Eligibility and accrual**

Eligible employees accrue PTO in accordance with a schedule that can be accessed via the [LamBenefits.com](https://LamBenefits.com) website. Service is determined based on the employee's date of hire or adjusted service date, if applicable. There is no waiting period before accrued PTO may be taken.

Employees working 20 hours or more, but less than 32 hours, on a weekly basis, accrue at two-thirds the rate of employees working 32 hours or more on a weekly basis.

Employees earn PTO only to a maximum number of hours as noted on the schedule posted on [LamBenefits.com](https://LamBenefits.com). Once the maximum accrual amount has been reached, no additional PTO will be earned until previously accrued PTO is used. No retroactive credit will be given. At year-end, unused PTO at or below the maximum accrual amount will carry over to the subsequent year.

PTO accruals cease on the first calendar day of an approved leave of absence.

Directors and above and interns are ineligible to accrue PTO. Directors and above should manage their time off and work obligations to ensure they are meeting the expectations for their roles and departments. Directors and above must report any absences related to personal illness or injury of longer than seven consecutive days, per the Leave of Absence and Accommodation Practice.

#### **4.1.2. Use of paid time off**

With manager approval, PTO may be used for vacation, sick leave, medical appointments, or any other purpose. An employee can request an advance of unearned PTO time, up to 80 hours. PTO time is not considered “hours worked” for purposes of calculating overtime.

All employees with accrued and unused PTO must use PTO for vacation and personal absences.

Exempt and nonexempt employees cannot substitute unpaid time if they have an available PTO balance, other than for company-initiated shutdown time. Exceptions may be made by the manager in consultation with HR if the employee presents unique, extraordinary circumstances.

Exempt employees are not required to use PTO hours for their own illness or injury. Exempt employees are required to use PTO to care for a family member.

Employees approved for a personal leave of absence (PLOA) will be required to use accrued PTO for the length of the leave until it's exhausted. Employees on PLOA may not borrow against future PTO accruals.

#### **4.1.3. Scheduling paid time off**

If an employee wants to use accrued PTO for a vacation, the employee should request the time off as far in advance as possible. PTO will be scheduled at the discretion of management to provide adequate coverage of jobs and staff requirements.

When using PTO for illness or injury, an employee must notify their supervisor prior to the scheduled starting time; if the employee is unable to do this, they should do so as soon as possible thereafter. For absences beyond seven calendar days, the employee is required to file for a leave of absence, since the absence may be protected under the Family and Medical Leave Act (FMLA) or other state-protected leaves. The company reserves the right to require medical documentation as allowed or required by regulation or the company's benefit program. Employees who exhaust their PTO bank, including borrowed PTO, by taking vacation, sick time, or other personal time off, will not be granted additional time for paid sick leave other than the usual accrual.

#### **4.1.4. Recording paid time off**

Nonexempt employees may use their PTO in increments of roughly one minute for partial days off. If taking full days, nonexempt employees are required to post the equivalent PTO hours to cover the full days of absences (for example, if a nonexempt employee working a 12-hour shift takes a day off, they must submit PTO for the full 12 working hours of that shift). Management has the discretion to approve partial posting of PTO hours if the employee does not have the accrued PTO hours to cover the full day. Nonexempt employees are required to record all time off and report PTO hours for sick leave purposes.

Full-time exempt employees must report PTO only in eight-hour increments, regardless of the number of hours they are scheduled to work in a day. Exempt employees who are regularly scheduled to work less than eight hours per day should record PTO to cover their normal hours for the day.

Exempt employees who need to take time off to care for a sick or injured family member should report PTO in eight-hour increments.

#### **4.1.5. Paid time off and termination**

Accrued, unused PTO will be paid out in the final paycheck upon termination of employment or promotion to director. For employees who have received an advance of unearned PTO time, the company may request repayment at the time of termination.

Employees may not use PTO for the purpose of extending their employment or during their notice period prior to termination.

Employees who are rehired to regular employment status within two years of the last day on paid status will have their prior service restored (less the time away from Lam) to determine their PTO accrual rate.

#### **4.1.6. Severe personal hardship**

Since PTO time is provided to afford employees a change in routine and an opportunity for relaxation and recreation, the company encourages employees to use accrued PTO. Therefore, pay in lieu of PTO is authorized only under the following circumstances.

In rare cases, an employee who is unable to use PTO due to business or project commitments can request a payout of their earned PTO if their balance is approaching the maximum accrual level. Also in rare cases, when an employee experiences an unusual or severe financial hardship, they may request payout of their earned PTO. In general, a severe personal hardship is an unforeseeable emergency, typically due to a financial burden resulting from the employee's medical expenses, eviction, loss of property, natural disaster, or other circumstances beyond the control of the employee. An employee who is eligible for a PTO payout may only request 50% of their accrued and unused PTO balance and must leave at least 80 hours in their bank.

To request payout of PTO, an employee must submit a request and backup documentation to the Benefits Team for review. Approval will be required by the vice president of Total Rewards (or delegate) in consultation with the vice president of the business unit (or delegate).

## **4.2. HOLIDAY PAY**

Lam generally provides 12 paid holidays each year. In some years, Lam may schedule less than 12 holidays. Generally, the company will schedule nine company-designated holidays, with three additional holidays to be scheduled at the beginning of the year.

#### **4.2.1. Holiday schedule**

The holiday schedule can be accessed on the [LamBenefits.com](http://LamBenefits.com) website. Holidays that fall on Saturday are usually observed on Friday, while those occurring on Sunday are generally observed on Monday.

#### **4.2.2. Holiday pay provisions**

To be paid for a holiday, an employee must be on "active paid status" the workday immediately preceding and the workday immediately following the holiday. Active paid status includes, but is not limited to: PTO, bereavement, and jury duty. Paid status does not include disability or paid family or bonding leave. The only exception to this active-paid-status rule is when the company has designated specific plant shutdown days, in which case, shutdown days preceding or following a holiday need not be paid in order for an employee to receive holiday pay. Employees on approved leave of absence are generally not permitted to plan and/or update their leave dates solely to receive additional holiday pay.

Regular employees and interns, both part-time and full-time, are paid according to the following guidelines:

- Employees whose regular work schedule is 32 or more hours per week receive eight hours pay for each designated holiday. If you are a nonexempt employee, regularly work a compressed workweek, and have shifts longer than eight hours, you can use PTO to account for the additional hours not covered by holiday pay.
- Employees whose regular work schedule is at least 20 hours per week but less than 32 hours per week receive two-thirds the regular holiday benefit; that is, pay for 5.33 hours.
- Employees whose regular work schedule is less than 20 hours per week receive no holiday pay unless specifically authorized by the company.
- Generally, nonexempt employees are not scheduled to work on holidays, but those nonexempt employees required to work on a company-designated holiday will be paid their regular base pay rate plus an additional eight hours of holiday pay.
- Holiday pay is not considered “hours worked” for determining overtime pay unless the employee works on the holiday.
- Exempt employees are not eligible to receive additional pay for working on a company-designated holiday.

#### **4.2.3. Winter shutdown and other midyear shutdowns**

Lam is generally closed for winter break every year for one or two weeks from mid-December to early January, with the specific dates and applicable holiday guidelines determined by the company each year at its discretion. The company may also schedule additional shutdowns at different times of the year based on business needs. Employees may use paid time off (PTO) or unpaid time to cover non-holidays falling within the shutdown period. The number of company-paid and unpaid days varies every year due to the holiday schedule. Some employees may be required to work during the shutdown due to customer needs, shipping requirements, or project deadlines. This will be communicated prior to each shutdown and will require prior written approval from the VP of the business unit or delegate.

### **4.3. PERSONAL OBSERVANCE DAY**

In support of the company's inclusion & diversity core value, employees are provided one day off each calendar year to celebrate something or someone meaningful to the employee. A personal observance day can be one that is significant to the employee's heritage, honors someone who's had an impact on the employee's life, or gives more time to celebrate a birthday, anniversary, or other family occasion.

A personal observance day is available to all regular employees and interns working at least 20 hours or more per week.

After selecting the personal observance day, an employee must record the hours on their time card and notify their manager.

Employees will have eight paid hours to use during the calendar year. Nonexempt employees on a compressed work schedule can use PTO to top up their pay for the day, if desired.

Unused personal-observance-day hours do not roll over to the next calendar year, and they will not be cashed out if the employee terminates before using them.

## **4.4. BEREAVEMENT LEAVE**

The purpose of this provision is to provide employees with paid bereavement leave for absences related to a recent death of a family member or a close family friend. Alternatively, the leave can be taken to be with the family member or the close family friend before they pass away. The bereavement leave is paid based on scheduled hours.

Employees can take up to 10 days, up to a maximum of 80 hours, of paid bereavement leave for the death of an immediate family member. This also includes pregnancy loss by the employee or their spouse or domestic partner.

For an extended family member or a close family friend, employees can take up to five days, up to a maximum of 40 hours, of paid bereavement leave.

Employees are encouraged to take bereavement leave in one continuous period, and leave should be used within three months of the death. Management may grant an exception for unique circumstances.

### **4.4.1. Definition of a family member**

Immediate family members: spouse or domestic partner, child or child of domestic partner, stepchild, foster child, parent or step-parent, parent-in-law, parent of domestic partner, sibling or step-sibling, brother-in-law or sister-in-law, grandparent, grandchild.

Extended family members: niece, nephew, uncle, aunt, cousin.

### **4.4.2. Definition of a close family friend**

A person who is important to you that you may have a strong connection with. Someone who has spent significant time with you and provided support to you and your family—or to whom you have provided support—either financially or emotionally.

### **4.4.3. Other death**

With supervisor approval, an employee may take up to one day off with pay to attend the funeral of someone other than those listed above (e.g., a former spouse, a nonfamily member, a coworker, or a classmate). This time off will be considered by the employee's supervisor on a case-by-case basis.

### **4.4.4. Additional time off**

Management may elect to approve additional unpaid time off of up to one week or seven calendar days immediately following bereavement in order for the employee to meet family obligations. Any requests for unpaid time off after bereavement may be considered under the Personal Leave of Absence Practice and is subject to management discretion and business needs. Accrued PTO must be used if such time is approved, in accordance with the Personal Leave of Absence Practice guidelines.

### **4.4.5. Deaths in the family while on leave of absence**

Employees on approved leave of absence, and being paid by our leave administrator, are ineligible to receive bereavement leave. If an employee returned from a leave of absence one week or more before the death, the employee is eligible for bereavement leave.

## 4.5. CATASTROPHIC LEAVE

The purpose of this provision is to provide time off with pay for regular Lam employees in the United States (both full-time and part-time who work 20 or more hours per week) immediately following catastrophic circumstances outside Lam's control that lead to a work stoppage. Time off with pay may be provided when earthquakes, storms, fires, floods, incidents of civil unrest, broad-scale pandemics, or similar situations occur at the company's facilities and require evacuation of buildings, or when Lam decides the closure of a campus is required and on-site employees are unable to perform their roles.

Since catastrophic situations are highly circumstantial, each situation must be reviewed separately by senior management. Employees should consult the Hours of Work Pay Practice document in those situations where they reported for work and were then sent home due to a catastrophic situation after reporting.

### 4.5.1. Site closures

If inclement weather or another situation requires a decision to close any Lam campuses or offices, on-site employees who are scheduled to work during the closure period and who cannot work remotely for the closure period will receive pay for their regularly scheduled hours during that period.

If a campus or office is open but an employee reasonably determines that it is not possible to get to work safely, the employee may choose to use PTO, and the absence will be considered excused or approved for purposes of attendance policy tracking.

## 4.6. JURY DUTY LEAVE

Full-time and part-time North American employees are eligible for up to four weeks of pay per year while on jury duty, paid at their regular pay rate and scheduled hours, unless the employee works in a state with greater jury duty pay requirements, in which case the company will comply with applicable law. Employees must give as much advance notice to their immediate supervisor as possible, submitting the official court notice when requested. While there is no time limit to the employee's jury duty service, they will remain on paid status for only four weeks.

### 4.6.1. Benefits

Employees on jury duty will continue to receive all benefits as they would normally. Regular paycheck deductions for benefits coverage will continue throughout the four-week paid jury duty period. In addition, employees will continue to accrue PTO throughout their court-verified jury duty.

### 4.6.2. Work schedules

It is not Lam's intent to have employees committed to both jury duty and work when the combination of the two will exceed a normal 40-hour week or create a seven-day work week except in periods of critical need. The company will comply with all applicable return-to-work requirements.

Employees with swing or graveyard schedules will not be required to work their scheduled shift if they have jury duty during the day except during periods of critical need, unless otherwise prohibited by applicable law.

Time spent on jury duty is not considered hours worked for calculating overtime pay.

### 4.6.3. Dismissal from jury service

Employees who are dismissed from jury duty will not be required to return to work on the dismissal day if the combination of jury duty and hours worked at Lam will exceed a 40-hour week except in periods of critical need, unless otherwise prohibited by applicable law.

If an employee is excused from jury duty during the first half of a scheduled work shift, the supervisor may ask the employee to report to work. If an employee is excused from jury duty after the first half of a scheduled work shift, the supervisor may excuse the employee until the following day. An employee should phone their supervisor when excused from jury duty to determine when they should report to work.

#### **4.6.4. Compensation by the court**

Employees may keep any jury duty pay the court provides.

### **4.7. SCHOOL AND DAY CARE ACTIVITY LEAVE**

The purpose of this provision is to provide Lam employees unpaid time off to participate in their children's school programs.

Employees are eligible to take unpaid time off up to 40 hours during each school year to participate in their children's school activities. Unpaid time off under this provision may not exceed eight hours per month without management approval, unless otherwise required by state or local law.

Employees may use accrued PTO or can take the time off unpaid. Exempt employees must complete a time card in any week in which they use this time off.

### **4.8. VOTING LEAVE**

The purpose of this provision is to provide Lam employees time off to vote.

Voting time off will be paid where legally required.

If an employee does not have enough time outside of work hours to vote in an official state-sanctioned election, the employee may take time off during work hours to vote. Such time off shall be taken at the beginning or the end of the regular work shift, whichever allows for more free time. The time taken off shall be combined with the voting time available outside of working hours to a maximum of three hours combined, unless otherwise required by applicable state law. Under these circumstances, an employee will be allowed a maximum of three hours of time off during an election day. When possible, an employee requesting time off to vote shall give his or her supervisor at least three days' notice or as otherwise permitted by state law.

### **4.9. OTHER LEGALLY MANDATED TIME OFF**

Lam abides by all local, state, and federal leave laws. This practice is not intended to describe all types of situations that would permit excused time off with or without pay as required under the laws of all states or local governments with jurisdiction over Lam employees. Employees should consult with Lam's leave administrator or HR if the reason they require time off is not discussed here.