



KLA CORPORATION

INTERNATIONAL ANTI-BRIBERY COMPLIANCE POLICY AND GUIDELINES

[For Third-Party Business Partners Doing Business on Behalf of KLA]

(As of January 31, 2019)

1. Our Company Position on Bribery and Corruption

KLA Corporation is committed to maintaining the highest level of integrity everywhere we do business. Our reputation for honesty, integrity and fair dealing is paramount and unwavering. Our corporate policy is to always prohibit improper or unethical payments to anyone (including government officials) anywhere in the world. We have a ZERO tolerance policy in this area.

Our policy is: *KLA expressly prohibits any company director, officer, employee or business partner from directly or indirectly:*

- *giving, promising, offering or authorization the payment of anything of value to anyone, including a government official, for the purpose of influencing him or her in order to obtain, secure, promote or retain business or any improper business advantage that they otherwise might not have obtained, secured, promoted or retained without such gift, promise, offer or authorization of the payment of anything of value; and;*
- *receiving, accepting or agreeing to accept anything of value from any person, for the purpose of influencing the recipient to give, secure or retain any business or business advantage that they otherwise might not have given, secured or retained without such gift, promise or offer of the payment of anything of value.*

In this policy, the term “business partner” refers to third parties that do business on behalf of KLA Corporation, its subsidiaries and affiliates (collectively with KLA the “Company”), such as agents, consultants, contingent workers, distributors, sales representatives and freight forwarders.

We recognize that, from time to time, reasonable and legitimate business expenses or small gifts are necessary in certain circumstances. However, these expenses or gifts are always subject to the limitations described in this policy.



2. Knowing the Laws

Laws directly relevant to the policy statement above are the U.S. Foreign Corrupt Practices Act (the “FCPA”), the U.K. Bribery Act 2010 (the “UK Act”) and the Israel Penal Law, 5737-1977 (the “Israeli Penal Law”), hereafter referred to as “Applicable Anti-Corruption Laws”.

The FCPA is a criminal statute that prohibits all U.S. companies (including KLA) and their foreign subsidiaries, and their respective affiliates and employees, from corruptly offering, promising, paying or authorizing the payment of anything of value to any foreign official to influence that official to assist in obtaining or retaining business or any other advantage. This prohibition applies whether the offer or payment is made directly or through a business partner.

The FCPA also requires the Company to maintain an accounting system that ensures reasonably detailed and accurate records of all of its financial transactions and a system of internal accounting controls that protects against off-book accounts and disbursements and other unauthorized payments.

The UK Act prohibits not only giving but also receiving anything of value with the intention of obtaining, securing, promoting or retaining any business activity or gaining a business advantage, whether tangible or intangible, or any other organization or personal gain.

3. Understanding the Law

The policy statement above uses several terms that merit further explanation, so that you can fully understand what is prohibited by this policy and by the law.

“Offering, promising, paying or authorizing the payment of”:

Consistent with the FCPA and other Applicable Anti-Corruption Laws, our policy prohibits not only the actual payment of something of value, but also any offer, promise or authorization of the payment of anything of value. It’s also important to understand that the Company is liable for the actions of our business partners, so it is essential that our business partners understand and comply with the law when doing business on our behalf.

➤ What happens if:

- I don’t actually end up paying the bribe, but I offered it? **BREACH**



- I pay it, but I don't get the desired result? BREACH
- One of my staff paid it, but I knew about it? BREACH
- I approved it on my staff's expenses? BREACH
- I had a third party business partner pay it? BREACH
- A partner pays it and I suspect a problem, but do nothing? BREACH

“Anything of value”:





“Foreign official”:

This term is defined very broadly, as it includes not only employees of any non-U.S. government, but also employees of any company, university or other institution that is owned or controlled by a non-U.S. government.

➤ Would this include:

- Employees of a non-U.S. government department or agency? **YES**
- Employees at a company that is government owned or controlled? **YES**
- An office clerk at a local municipal office? **YES**
- A judge, court filing clerk, or other administrative staff? **YES**
- A professor or administrator at a government controlled institution? **YES**
- Employees at state owned media agencies? **YES**
- A nurse or doctor at a government owned hospital? **YES**

REMEMBER: The definition is very wide, any questions about an individual’s potential “foreign official” status (including whether a particular customer is government owned or controlled) should be raised with KLA’s General Counsel.

“Obtaining or retaining business or any other advantage”:

This concept includes not only the recipient’s assistance in awarding any contract or business to the company, but it also incorporates a number of other types of benefits and advantages.

➤ What about paying or offering something of value to:

- Get a reduction in taxes? **INCLUDED**
- Get some laws changed? **INCLUDED**
- Get import clearance for some products? **INCLUDED**
- Obtain a permit to do business? **INCLUDED**

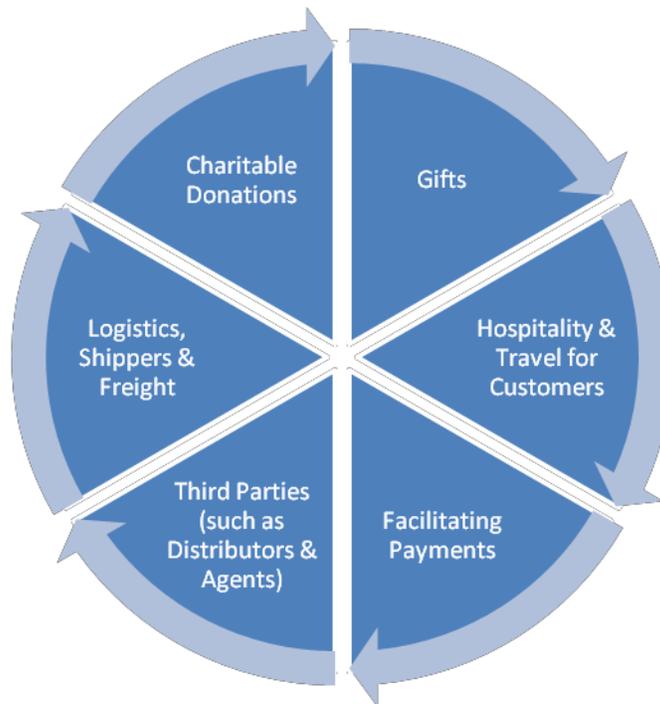


- Have telephone/electricity connected? **INCLUDED**

REMEMBER: Penalties for violations of anti-bribery laws can be huge. The Company and YOU could be fined millions of dollars for a violation. You are responsible for your own fines, and you could also go to jail.

4. Managing Within the Law; Steps to Help You Comply

There are some very common areas where issues arise. Carefully review each of these to understand the Company’s position and suggestions on how to manage your business within the law.



Gifts

It is customary in many parts of the world to occasionally give nominal gifts to customers and other parties that have a business relationship with the company.

Our policy is that no gifts can be given to a foreign official and others unless either:

1. The gift is a Company promotional item (such as a coffee mug, shirt or



pen with the Company's insignia) with only nominal value; OR

2. The gift satisfies all of the following requirements:
 - a. It conforms to normal social customs in the foreign official's country;
 - b. It is not given to obtain or retain business or gain an improper advantage (in other words, it must be a bona fide promotion or goodwill expenditure);
 - c. It is lawful under the written laws of the country where the gift is being given;
 - d. It is not in the form of cash;
 - e. It is of nominal value (on an individual and aggregate basis); and
 - f. It will be accurately recorded in the books and records of the Company and any third-party business partners involved in giving the gift.

Hospitality (Business Expenses: Meals and Entertainment)

Applicable Anti-Corruption Laws permits companies, including KLA, to provide certain types of meals and entertainment to foreign officials and others.

Our policy is that any such meal or entertainment expense is permissible only if the expense is:

1. Bona fide and related to a legitimate business purpose, such as the promotion, demonstration or explanation of company products or services or the execution or performance of a contract with the applicable party;
2. Reasonable in amount (i.e., not extravagant and conforms to the customs of the foreign official's home country); and
3. Legal under the written laws of the foreign official's home country.

Travel

Applicable Anti-Corruption Laws also permits companies, including KLA, to



provide certain limited types of travel and travel-related expenses (such as airfare, accommodations, and reimbursement for meals during a trip) to foreign officials and others.

Special Rules for Travel

Special rules applicable to travel-related expenses:

- Any airfare must be economy class or its equivalent (not first or business class); and
- Expenses related to spousal travel or side trips will not be approved except for short trips of significant cultural value such as a short tour of the Old City of Jerusalem if pre-approved by the KLA Manager and Regional Finance Head.

Stay Alert: Customers may request that the Company or its business partners pay for the customer to travel for “training.” In some cases, travel for training is perfectly appropriate. However, you must carefully review any request for company-paid travel. Don’t assume that the customer is truly looking for relevant training, as they may simply be trying to get a holiday with side visits to luxury locations, resorts or theme parks.

Facilitating Payments

Often known as “small bribes,” or payments of a nominal amount made to ensure non-discretionary governmental actions such as processing certain types of visas or business permits, facilitating payments are prohibited by KLA policy (unless the health or safety of an employee is at risk).

Remember: If you have any question as to whether a payment qualifies as a facilitating payment or whether an exception may be granted from this policy to make a particular facilitating payment, contact KLA’s Chief Compliance Officer at corporate.compliance@kla.com.

In the unlikely event that a facilitating payment must be made to ensure the health or safety of an employee, the payment should be fully and properly reported to KLA’s Chief Compliance Officer as soon as possible (and in any case within 48 hours).

Using Third-Party Business Partners

Just as the Company can be liable for the actions of its third-party business partners, you can similarly be held liable for the actions of any partner that you engage to help



you do business. Be aware of suspicious activities or requests or poor documentation from any business partners you retain to do business on behalf of the Company, and always investigate a partner's background, business references, reputation and criminal history before engaging them to have any involvement in KLA business.

Logistics, Shippers and Freight

Be careful when paying customs agents, shippers and freight companies to ensure that any "additional fees" included in invoices are not really just bribes to a customs official or border guard to release a shipment.

Charitable Contributions

Charitable donations at the request of a foreign official or to an organization affiliated with a foreign official should generally be avoided. They may be considered a payment to the foreign official and may therefore violate Applicable Anti-Corruption Laws.

5. Principles of Compliance and Policy Administration

Accounting and Recordkeeping Requirements

Applicable Anti-Corruption Laws also includes strict accounting, recordkeeping and internal controls requirements. The intent of these requirements is straightforward: A company must know how its money is being spent, including to whom it is being paid and for what purpose, and the only way to demonstrate that knowledge is by maintaining transparent and accurate books and records.

To ensure compliance with these requirements, all expenditures and transactions must be accurately and completely described in the company's financial records. KLA personnel will not agree to requests for false invoices or for payment of expenses that are unusual, excessive, inadequately described, or otherwise raise questions under this policy.

KLA will periodically audit the records of its third-party business partners (the portion that pertains to business done on behalf of the Company) to ensure that its business partners are complying with the Applicable Anti-Corruption Laws in their business activities and recordkeeping.

Policy Administration; Handling Questions and Potential Violations

This policy is managed by KLA's Legal and Compliance Department.



We expect every third-party business partner of KLA to adhere to our company's ethical standards and to comply with Applicable Anti-Corruption Laws. Departures from our business standards will not be tolerated.

Compliance with the Applicable Anti-Corruption Laws can be complex. If a question arises regarding any improper payment-related issue, please immediately consult with your point of contact at KLA or KLA's Legal and Compliance Department.

Any employee or third party acting on behalf of KLA who learns of or suspects a violation of this policy should promptly report the matter to his or her point of contact within KLA, to the Legal and Compliance Department at corporate.compliance@kla.com or through the company's EthicsPoint website or hotline at www.KLA.ethicspoint.com.