

# KLA CORPORATION

## Corporate Governance Standards

As amended on July 15, 2019

The Board of Directors (the “Board”) of KLA Corporation (the “Company”) has established the following guidelines for the conduct and operation of meetings and deliberations of the Board. These guidelines will be reviewed periodically by the Board and may be amended or modified from time to time.

1. **Duty of Loyalty.** Each director owes a duty of loyalty to the Company and is expected to act in the best interests of the Company and its stockholders as a whole.

2. **Conduct of Board Meetings.** The conduct of meetings of the Board will be governed as follows:

a. **Selection of Agenda Items for Board Meeting.** The Chairman of the Board will establish the agenda for each Board meeting. Each Board member shall be free to suggest the inclusion of item(s) on the agenda.

b. **Board Materials Distributed in Advance.** Information and data concerning the Company, its financial affairs and strategic plan is important to the Board’s understanding and decision making process. Accordingly, there will be distributed in advance of each meeting of the Board appropriate written material relating to substantive agenda items. Management will make every attempt to see that this material is as concise as possible while still providing the desired information.

c. **Presentations.** As a general rule, information on specific subjects should be sent to the Board members well in advance of each meeting so that the Board meeting time may be conserved, and discussion time focused on questions that the Board has about the material. On those occasions on which the subject matter is too sensitive to put in writing, the presentations will be discussed at the meeting.

d. **Management Presentations.** The Board encourages the Company’s management to, from time to time, bring managers into Board meetings who (i) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (ii) represent managers with future potential that management believes should be given exposure to the Board.

e. **Regular Attendance of Non-Directors at Board Meetings.** The Board is comfortable with the regular attendance at each Board meeting of non-Board members who are members of the Company’s management team except during executive sessions of the Board.

3. **Executive Sessions of Independent Directors.** The independent directors (see paragraph 5(d) definition of “independent director”) of the Board will normally meet separately as a group as part of each Board meeting. The Board meeting agendas will allow one hour for executive sessions of the independent directors. The format of these meetings may include a discussion with the Chairman of the Board and the Chief Executive Officer on each occasion.

4. **Access to Senior Management.** Each member of the Board shall have complete and open access to the Company's management. Board members will use their judgment to ensure that contact with management is not distracting to the operation of the Company and that such contact be coordinated, to the extent reasonably practicable, with the Chief Executive Officer and/or the Chairman of the Board.

5. **Composition of the Board.**

a. **Size of the Board.** The Board will periodically evaluate its size at such times as the Board deems appropriate, such as in response to a director resignation or an outstanding candidate becoming available.

b. **Mix of Independent and Non-Independent Directors.** The Board believes as a matter of policy that there should be a majority of independent directors on the Board. In no event shall the Board have more than two employee directors.

c. **Limit on Other Boards.** Board members who are the chief executive officer of a public company shall not serve as a member of the board of directors of more than two other public companies (other than their own company). No member of the Board shall be a member of the board of directors of more than four other public companies.

d. **Board Definition of What Constitutes Independence for Outside Directors.** An "independent director" is one who is independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a director. In addition, directors shall only be considered independent if they satisfy the independence criteria established by the NASDAQ Stock Market (including, with respect to members of the Company's Audit Committee or Compensation Committee, the additional eligibility requirements established by the NASDAQ Stock Market for members of those committees).

e. **Chairman of the Board.** The positions of Chairman of the Board and Chief Executive Officer may be held by the same person; provided however that in the event that the Chief Executive Officer or another employee of the Company is serving as the Chairman of the Board, the independent directors of the Board shall designate a lead independent director with such duties and responsibilities as shall be determined by the Nominating and Governance Committee of the Board.

f. **Former Chief Executive Officer's Board Membership.** It is expected that when a Chief Executive Officer or any other employee director resigns from that position, he or she should offer his or her resignation from the Board at the same time. Whether or not the individual continues to serve on the Board is a matter for discussion with the new Chief Executive Officer and the Board. Notwithstanding paragraph 5(d), a former Chief Executive Officer serving on the Board will be considered a non-independent director for purposes of corporate governance until three years have elapsed from the last date on which he or she received any financial benefit from the Company (excluding (i) post-termination payments made to such individual under a deferred compensation, pension or other retirement plan or benefit program of the Company and (ii) compensation paid to such individual solely related to service as a member of the

Company's Board) related to his or her service as an employee of, or consultant to, the Company.

g. **Board Membership Criteria.** The Nominating and Governance Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. The Nominating and Governance Committee will only consider candidates for nomination who have demonstrated executive experience and have experience in an applicable industry or significant high level experience in accounting, legal or a technical field applicable to the Company. The Nominating and Governance Committee shall also consider factors it considers appropriate such as strength of character, mature judgment, career specialization, diversity and the extent to which a candidate would fill a present need on the Board.

h. **Selection of New Director Candidates.** The Board itself should be responsible, in fact as well as procedure, for selecting its own members. The Board delegates the screening process involved to the Nominating and Governance Committee with direct input from the Chairman of the Board and Chief Executive Officer. With respect to new Board members, it shall be the standard practice that the Nominating and Governance Committee will engage a third party recruiting firm to identify a slate of individuals for consideration as Board candidates based on the Company's Board membership criteria. Following review of such slate, the Nominating and Governance Committee will then make recommendations to the Board with respect to candidates for Board membership. Stockholders who have owned at least 1% of Company shares outstanding for at least one year and who state that they have an intent to continue as a substantial stockholder for the long term are eligible to submit nominees for election to the Board to the Nominating and Governance Committee.

6. **Board Compensation Review.** The Compensation Committee shall periodically, at such frequency as the Compensation Committee shall deem appropriate in its discretion, request that its independent compensation consultant prepare and provide a report for the Compensation Committee regarding the status of the Board's compensation in relation to other like companies. Changes in Board compensation, if any, (a) with respect to the Chairman of the Board, should come at the recommendation of the Compensation Committee, but with full discussion and concurrence by the full Board, and (b) with respect to all other directors, should be reviewed and approved by the Compensation Committee.

7. **Assessing the Board's Performance.** The Nominating and Governance Committee is responsible for reporting annually to the Board an assessment of the Board's performance and procedures. This will be discussed by the full Board annually at the same time as the report on Board membership criteria described in paragraph 5(g) above. This assessment should focus on the Board's contribution as a whole and specifically review areas in which the Board and/or the management believes a better contribution could be made. The purpose of this assessment is to increase the effectiveness of the Board, not to review individual Board members.

8. **Committees of the Board.** The committee structure of the Board shall at least consist of an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, the members of which shall consist entirely of independent directors. The Board shall convene other committees, as it deems appropriate.

a. **Assignment of Committee Members.** The Nominating and Governance Committee is responsible for (i) annually reviewing the composition of the Board's committees and (ii) after consultation with the Chairman of the Board and Chief Executive Officer, and with consideration of the desires of individual Board members, presenting any recommended changes in the composition of any committees to the Board for approval. To the extent practicable, Board members who serve on the Audit Committee shall not simultaneously serve on the Compensation Committee. Where feasible, committee membership shall be organized to allow for simultaneous meetings of at least two committees, such as the Audit Committee and the Compensation Committee. With respect to the Audit Committee, at least one member shall be an "audit committee financial expert," as determined and designated annually by the Board in accordance with the applicable rules of the SEC, and has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, in accordance the Corporate Governance Requirements of NASDAQ.

b. **Rotation of Committee Members.** The Nominating and Governance Committee shall periodically review committee assignments and shall consider the rotation of committee chair members. As a general matter, the Board has a preference for periodically rotating committee chair and member assignments to allow for new viewpoints and a variety of experiences for directors. However, the Nominating and Governance Committee and the Board will consider a number of factors when determining whether any such rotation is desirable, including any special knowledge or experience that may make it appropriate for a particular director to serve for an extended period on one or more committees.

c. **Frequency and Length of Committee Meetings.** The committee chairman, in consultation with the committee members, will determine the frequency and length of the meetings of the committee in adherence to the committee charter.

d. **Committee Agenda.** The chairman of the committee, in consultation with the appropriate members of management and staff, will develop the committee's agenda. Each committee will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each fiscal year (to the degree these can be foreseen). Such forward agenda will also be shared with the full Board.

e. **Committee Advisors.** Each committee of the Board shall identify advisors to that committee and shall have the authority, at the Company's expense, to retain and terminate independent advisors to such committee as it deems necessary. Committees utilizing the services of outside advisors should assure that the advisors are evaluated and reviewed by the committee on an annual basis. Committee chairs should report at future board meetings on the adequacy, availability and need for independent advice.

f. **Committee Charter.** Each committee, unless otherwise directed by the Board, shall develop a charter for approval by the independent directors. The charters of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee shall be subject to periodic review by the Board.

g. **Committee Membership Requirements.** Subject to applicable SEC rules and the rules of the NASDAQ Stock Market, the Board shall define membership requirements for each committee.

9. **Majority Voting and Director Resignation Policy.** In any uncontested director election, any director up for re-election who receives a plurality, but not a majority, of votes cast in such election shall promptly tender his or her resignation to the Board, subject to acceptance by the Board, within 30 days after certification of the election results. The Nominating and Governance Committee will make a recommendation to the Board whether to accept or reject the resignation or take some other appropriate action, taking into account any stated reasons why stockholders withheld votes and any other factors which the Nominating and Governance Committee determines in its sole discretion are relevant to such decision. The Board will in its sole discretion act on the recommendation of the Nominating and Governance Committee within 90 days after the date of certification of the election results. The director who tenders his or her resignation will not participate in the decisions of the Nominating and Governance Committee or the Board regarding his or her resignation.

10. **Directors Who Change Their Employment Status.** If an individual director resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the director or the Company, such director should notify the Nominating and Governance Committee of such circumstances and offer to tender his or her resignation from the Board. The Nominating and Governance Committee will consider the circumstances, and may in certain cases request the director to submit his or her resignation.

11. **Director Education.** The Company will provide in-house director training in conjunction with regularly scheduled Board meetings. For directors interested in additional training or who cannot attend the in-house training, the Company may **provide** a list of director education programs that the Company deems appropriate. The Company will pay a pro-rata share of tuition and expenses associated with attending such programs. The proportion to be shared by the Company will be based on the number of other public company boards on which the director serves as a board member.

12. **Term Limits.** Board members, when their current terms expire, are currently elected for one (1) year terms. There is currently no limitation on the number of terms a director may serve. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. However, the Nominating and Governance Committee and the Chairman of the Board will review each director's continuation on the Board every time he or she is up for re-election as a director. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

13. **Retirement Age.** The standard practice of the Board is that non-employee directors will not stand for re-election after reaching the age 75.

14. **Succession Planning.** There should be available, on a continuing basis, the Chief Executive Officer's recommendation as to his or her successor should the Chief Executive Officer be unexpectedly disabled. There should be an annual report by the Chief Executive Officer to the Board on succession and management continuity planning.

15. **Management Development.** In addition to the succession planning annual report, there should be at the same time a report on management development by the Chief Executive Officer.

16. **Strategic Plan.** Every year the Board will review a multi-year strategic plan and review and approve a one-year operating plan for the Company.

17. **Annual Meeting of Stockholders.** Board members will use reasonable efforts to attend each annual meeting of stockholders of the Company.

18. **Board Interaction with Institutional Investors, the Press, Etc.** The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected that Board members will do so only with the knowledge of management and, in most instances, at the request of management. Members of the Board should not accept any gift of value, which indicates intent to influence improperly the normal business relationship between the Company and any supplier, customer or competitor.

19. **Stock Ownership.** Each non-employee director is expected to own shares of Company stock, which may include restricted stock units, with an aggregate value of at least four times the standard annual cash retainer paid to the Company's non-employee directors, as such retainer may be changed from time to time. Each Company executive officer is expected to own Company equity having a minimum value, denominated as a multiple of such executive officer's annual base salary, as follows: four times for the Chief Executive Officer and two times for Executive and Senior Vice Presidents. Unexercised options and unearned performance shares or units shall not be counted for purposes of measuring compliance by non-employee directors and executive officers with the ownership guidelines set forth above. However, the value of unvested restricted stock or stock units shall be included in measuring compliance. The guidelines are currently effective; provided, however, that, for an executive officer or director that has served in such capacity for less than four years as of the applicable date of determination, the recommended time period for reaching the guidelines is the fourth anniversary of the date that such individual first becomes subject to these guidelines. The Compensation Committee of the Board will conduct an annual review to assess compliance by the non-employee directors and the executive officers with the guidelines.

20. **Executive Officers Serving on Other Company Boards.** The Chief Executive Officer and each of the other executive officers of the Company shall not serve as a member of the board of directors of a public company (other than the Company) without obtaining approval or ratification of such directorship by a majority of the independent members of the Board. The foregoing limitations shall be in addition to any restrictions imposed on Company employees by the conflict of interest and other provisions of the Company's standards of business conduct and by the Company's other employee policies.

21. **Independent Auditor Fees.** The Company will monitor fees it pays to its independent registered public accounting firm ("independent auditor") for the purpose of completing non-audit services. In the interest of maintaining the independence of the independent auditor, the Company will not engage the independent auditor to perform non-audit services in an amount greater than the amount paid by the Company for audit-related services.

22. **Formal Evaluation of the Chief Executive Officer.** Annually, the Chairman of the Board (or lead independent director if the Chairman of the Board is also the Chief Executive

Officer) will lead the independent members of the Board in conducting an evaluation of the performance of the Chief Executive Officer based on objective criteria that includes, but is not limited to, performance of the business, accomplishment of long-term objectives, development of management, etc. The review shall also reflect performance objectives established by the Board for purposes of the Chief Executive Officer's compensation. After review, amendment and agreement by the independent directors, the evaluation should be communicated to the Chief Executive Officer and used by the Compensation Committee when considering and recommending to the independent members of the Board the compensation of the Chief Executive Officer. The Nominating and Governance Committee is responsible for assuring the effectiveness of and compliance with this process.

23. **Approval of Equity Grants for the Chief Executive Officer.** All proposed equity grants for the Chief Executive Officer will be approved by a majority of the independent directors of the Board. The grant date for each such award shall be the date that the independent members of the Board approve the grant (which (a) in the case of grants approved at a meeting, shall be the date of such meeting and (b) in the case of grants approved by written consent, shall be the date upon which the written consent is complete and approved in writing (or by electronic transmission) by all of the independent members of the Board (who shall, prior to such approval, be designated by the Board as an independent Board committee for purposes of approving such grants)).