

APPLIED MATERIALS, INC.

# 2013 CITIZENSHIP REPORT

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FY2013<sup>1</sup> APPLIED MATERIALS COMPANY

# OVERVIEW

**~13,700**EMPLOYEES WORLDWIDE<sup>2</sup>**NOVEMBER 10  
1967**COMPANY FOUNDED  
AND HEADQUARTERED  
IN SANTA CLARA, CA**~10,400**

PATENTS AWARDED

**84**

LOCATIONS

**18**

COUNTRIES

**\$1.3B**

RESEARCH &amp; DEVELOPMENT

**\$7.5B**

REVENUE

<sup>1</sup>Fiscal year ended October 27, 2013<sup>2</sup>Headcount excludes temporary and interns

# LETTER

## FROM THE CEO



Applied Materials has an enduring commitment to be a strong global corporate citizen. Environmental stewardship, investing in sustainable and responsible business practices and contributing to society are integral parts of Applied's culture. These principles are a foundation to our success and provide value to our customers, stockholders and employees.

In 2013, we increased renewable energy generation at our global facilities by 140% compared to 2012. For the first time, all of Applied's buildings in Santa Clara, California—home to our corporate headquarters—were powered by renewable energy purchases. Also, in communities where we operate around the world, the company extended its long-standing tradition of making a positive social contribution through charitable investments in a diverse range of education, civic development, arts and environmental programs.

We invite you to read our 2013 Citizenship Report and learn more about our sustainability, workplace and community-focused achievements.

A handwritten signature in dark ink that reads "Gary E. Dickerson". The signature is fluid and cursive, with a small dot above the 'i' in "Dickerson".

Gary Dickerson  
President and CEO

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# INTRODUCTION

At Applied Materials, corporate responsibility has long been one of our fundamental values, playing a vital part in the company's industry and technology leadership. As the global leader in providing innovative equipment and services for manufacturing advanced semiconductor, flat panel display and solar photovoltaic products, Applied also is committed to being a socially-responsible corporate citizen and creating a positive impact in the communities where we operate. This is reflected in our business practices and programs: from continually working to drive down our carbon footprint to engaging in community projects around the world to creating a thriving culture for our employees.

## ABOUT THIS REPORT

This 2013 Citizenship Report is the eighth annual sustainability report of Applied Materials, Inc. and its subsidiaries (collectively referred to as “Applied” or “the company”). It follows the streamlined format of our 2012 report and falls within the general guidelines of the Global Reporting Initiative™ (GRI) Reporting Framework (Version 3.1). This report includes information about the company’s economic, environmental and social performance, including resource metrics, community investments, workplace and political activities. It reflects the global operations of Applied for calendar year 2013, except where indicated that data is for Applied’s fiscal year, which ends on the last Sunday in October.

Applied’s global operational footprint fluctuates with business acquisitions and divestitures, as well as the expansion, consolidation and relocation of its overall operations. These changes are, in part, a result of the highly cyclical and evolving nature of the primary industries the company serves. For divested businesses, historical environmental data has been adjusted retroactively to exclude discontinued operations. Acquired businesses and operations are included from the date of acquisition. In November 2011, Applied completed its acquisition of Varian Semiconductor Equipment Associates, Inc. (Varian), which added manufacturing and other facilities, plus over 1,000 employees, to Applied’s global operations.

A list of additional resources relating to our business and sustainability performance is located in the appendix of this report.

## WHAT CORPORATE RESPONSIBILITY MEANS TO US

There are three key areas that Applied Materials focuses on in its corporate citizenship initiatives: Sustainability Practices, the Workplace and Community Investments.

### Sustainability Practices

Applied Materials conducts its business operations in a manner that works to preserve the environment. We also take strong measures to protect the health and safety of workers, customers and our neighboring communities.

### Workplace

Our greatest assets are the talented employees who are key to the company’s achievements and long-term success. Applied is dedicated to developing and retaining a world-class global workforce and integrating our core values and ethics into our business practices and the company’s culture.

### Community Investments

Applied Materials is committed to supporting the communities in which we work and live through charitable giving and strategic investments in education, civic development, the environment and the arts.



# ENVIRONMENT

Applied Materials is committed to protecting the environment and maintaining strong sustainability practice by:

- Meeting or exceeding applicable regulatory requirements
- Seeking ways to use energy resources more efficiently
- Enhancing the environmental performance of our products
- Conducting our business with a positive impact on the communities where we operate

Applied is a full member of the Electronic Industry Citizenship Coalition (EICC), an organization dedicated to cultivating strong corporate citizenship, stewardship principles and sustainability initiatives.



## COLLABORATION TO SUSTAIN THE ENVIRONMENT

Applied's sustainability efforts are supported by our Supply Chain, Environmental Health and Safety (EHS) and Facilities organizations. The Supply Chain organization works with our suppliers on a regular basis to support sustainability practices and initiatives that can benefit both the environment and our respective businesses. Applied encourages and helps guide our suppliers to improve the environmental, health and safety performance of their own operations and products. The company monitors these efforts through education, training, auditing and reporting.

## GLOBAL FOOTPRINT AND ENVIRONMENTAL DATA CAPTURE

As of December 31, 2013, Applied's facilities footprint consisted of approximately 5.5 million square feet of owned property and 1.8 million square feet of leased property at 84 sites located in 18 countries around the world. Applied's key properties include both owned and leased facilities for research, development and engineering (RD&E); manufacturing; customer support; and corporate offices. Applied's footprint also includes office space for sales and marketing, engineering and customer support in various regions. In order to present a more comprehensive account of the company's environmental footprint, the 2013 metrics in the tables include 650,000 square feet of leased office space not captured

in previous reports (along with adjusted amounts to facilitate comparisons to prior years).

To accurately capture and track the company's environmental impact, we use a specialized software solution known as an Energy and Sustainability System of Record (ESS). The ESS enables us to collect, analyze, interpret, act on and report power and water consumption, waste generation, business travel data and greenhouse gas (GHG) emissions (Scope 1, 2 and 3 under the "Greenhouse Gas Protocol"<sup>1</sup>), with consistent units and correlation to global reporting standards. Data is tracked and consolidated under a process that relies substantially on information provided by utilities and other third parties on a calendar year basis.

<sup>1</sup>The GHG Protocol is a widely-used international accounting tool for quantifying and analyzing greenhouse gas emissions, created by a partnership between the World Resources Institute and the World Business Council for Sustainable Development.



ENERGY

For its global operations, Applied utilizes both electricity and natural gas energy sources. In 2013, while natural gas consumption went down due to conservation efforts, Applied’s overall electricity usage increased due to the additional office facilities included in this year’s reporting. Significantly, 25% of Applied’s total energy consumed worldwide was from renewable sources, including solar and wind power produced on-site at our facilities.

The following table shows direct and indirect worldwide energy consumption at Applied’s facilities for the last three years, as well as the amount of such usage that was obtained from renewable sources:

ANNUAL WORLDWIDE ENERGY CONSUMPTION

	2011	2012	2013
Direct energy consumption by primary energy source (Gas) (Million Therms)	4.3	4.2	4.0
Indirect energy consumption by primary source (Electricity) (GWh)	292	296	304 <sup>1</sup>
Renewable Energy (Electricity)(GWh) <sup>2</sup>	37	41	75

<sup>1</sup> Excluding 650,000 square feet of leased office facilities for comparison to prior years, 2013 electricity consumption was 289 GWh, representing a 2% decrease from 2012.

<sup>2</sup> Renewable energy consists of a combination of on-site generation and green power purchases.

The company remains dedicated to increasing its electricity sourcing from renewables, including clean energy installations at several of its facilities in the U.S., Europe and Asia, as well as supplementing energy requirements through green power purchases from local utility companies.

Applied’s on-site renewable energy generation increased by 140% compared to 2012, driven by the 2.5 megawatt wind turbine installed at our Gloucester, Massachusetts site in 2012, which produced 7.1 GWh of energy and powered more than 25% of the campus in 2013. In addition, solar photovoltaic panels installed at company sites in the U.S., Switzerland, Singapore and China generated nearly 3.6 GWh of energy. This year also marked the first time that Applied’s headquarters in Santa Clara, California harnessed 100% of its power from green energy purchases.

Some notable energy conservation projects completed in 2013 included those in the company’s California chiller and boiler energy plants, and its Austin, Texas cleanroom air conditioning, which are expected to reduce carbon dioxide equivalent (CO2e) emissions by 2,000 metric tons per year.

In 2013, Applied pursued new advanced technology solutions and partnerships to help achieve savings at several of its domestic and international facilities. In California, as a participant in the Emerging Technologies Program sponsored by Pacific Gas & Electric (PG&E), Applied demonstrated the feasibility of advanced lighting controls in combination with daylight harvesting. The company also replaced existing lighting with LEDs and high-efficiency fluorescent bulbs in its Austin, Texas; Gloucester, Massachusetts; and Rehovot, Israel facilities.



# Largest Windmill in the Northeast U.S. Reaps Results


In 2012, we completed construction of a 2.5 MW wind turbine at our manufacturing and RD&E center in Gloucester, Massachusetts. In 2013, the turbine supplied 25% of the Gloucester campus’ electricity demand, or 7,111,408 kWh—the equivalent of one year’s electricity use for approximately 675 homes. This clean energy source also avoids an estimated 2,400 tons of CO2e per year compared to fossil fuel-based energy. Overall, the turbine was responsible for nearly 10% of the renewable energy used by Applied Materials worldwide in 2013.

## WATER

Applied’s environmental stewardship extends to all of the natural resources used in our operations—including water. Total water usage increased slightly from 2012 with the additional square footage reported in 2013. However, without this addition, water use declined 3% from 2012 to 2013, evidencing our ongoing efforts to be more environmentally-efficient in our manufacturing and lab operations. The following table shows water usage for the last three years (CCF=100 cubic feet):

ANNUAL WORLDWIDE WATER USAGE			
	2011	2012	2013
Total water withdrawal by source (CCF)	74,582 <sup>1</sup>	90,049 <sup>2</sup>	72,122 <sup>3</sup>
Worldwide total water usage (CCF) <sup>3</sup>	608,650	538,682	538,894 <sup>4</sup>
<p><sup>1</sup> Reflects withdrawals at Sunnyvale, California campus only, which contains a pump-and-treat system that is operated to mitigate a pre-existing groundwater condition. Amounts adjusted from prior year reports due to improved data integrity.</p> <p><sup>2</sup> Reflects withdrawals at Sunnyvale, California campus (per above) as well as a well operated at the Kalispell, Montana Birch Grove facility to supply domestic and process water (not captured in prior year reports).</p> <p><sup>3</sup> Amounts for owned facilities include domestic, landscaping and process (if any) usage. Amounts for leased facilities include domestic and process (if any) usage, while leased office-only facilities include domestic only.</p> <p><sup>4</sup> Excluding 650,000 square feet of leased office facilities for comparison to prior years, 2013 worldwide water usage was 524,017 CCF, representing a 3% decrease from 2012.</p>			

A significant portion of Applied’s water consumption is for irrigation of landscaping at our facilities. To help reduce usage, the company deployed smart irrigation controls at its Austin, Texas site, reducing 2013 irrigation water usage by over 50% at this location compared to 2012.



## Applied Amps Up EV Charging Station Program

In addition to existing Electric Vehicle (EV) charging stations at the Santa Clara/Sunnyvale, Austin and Gloucester sites, in February 2013 the company participated in a federal grant program to install over a dozen more electrical vehicle charging stations at its Santa Clara and Sunnyvale, California campuses for employees and members of the community. With the steady climb of users at all locations, the company is reviewing expansion plans for additional installations at its Sunnyvale and Austin campuses.

## GREENHOUSE GAS EMISSIONS

Applied works to reduce its energy usage by making improvements to facilities and streamlining its operations. Our approach includes footprint consolidation, green team efforts and other continuous improvement process (CIP) activities, as well as working with energy suppliers to identify renewable energy sources with little to no GHG emissions. As part of this objective, the company also provides incentives, programs and information to employees to encourage them to do their part to reduce pollution.

The table below shows Applied's worldwide direct and indirect GHG emissions for the last three years (MTCe=metric tons of carbon equivalent). The 4% increase in Scope 1 and 2 GHG in 2013 over 2012 is primarily attributable to the additional leased facilities captured in our 2013 reporting.

### ANNUAL WORLDWIDE GREENHOUSE GAS EMISSIONS

	2011	2012	2013
Total direct and indirect greenhouse gas emissions by weight (MTCe) (Scope 1 + 2)	163,000	186,303	193,275 <sup>1</sup>
Other relevant indirect greenhouse gas emissions by weight (MTCe) (Scope 3 air travel)	34,234	35,069	18,690

<sup>1</sup> Excluding 650,000 square feet of leased office facilities for comparison to prior years, 2013 Scope 1 and Scope 2 GHG was 181,591 MTCe, representing a 2.5% decrease from 2012.

In 2013, Applied's activities aimed at reducing GHG emissions included ongoing and new efforts, such as:

- Carpool/ride-matching service for employees in California, Texas and Massachusetts
- Public and alternative transportation incentives for employees in California
- Preferred parking for carpool and hybrid vehicles
- Electric vehicle charging stations at Santa Clara/Sunnyvale, Austin and Gloucester campuses
- Work-from-home (AppliedAnywhere) program with 435 participants worldwide
- Tele- and video-conferencing for virtual work groups and all-employee meetings
- 14 virtual meeting telepresence rooms, reducing the need for business travel and enabling the avoidance of an estimated 1,513 tons of CO<sub>2</sub>e
- 80% of the 3,000 classes available to employees through Applied Global University (AGU) are offered online
- Solar Education Workshops for U.S. employees to learn about discount incentives for installing solar energy power for their homes

## WASTE AND RECYCLING

In 2013, the amount of non-hazardous waste generated increased. This was due to inclusion of the additional footprint previously referenced, where recycling programs are currently being developed, as well as improved data quality over 2011 and 2012. The table at right

## ANNUAL WORLDWIDE WASTE, RECYCLING AND DIVERSION

TOTAL WEIGHT OF WASTE BY TYPE & DISPOSAL METHOD (METRIC TONS)	2011	2012	2013
Hazardous waste treated off-site	617	2,201	610
Landfill (non-hazardous)	1,167	1,352	3,351
Recycled/composted/diverted	6,545	9,190	7,787
Diversion Rate (%)	84.9	87.1	66.3 <sup>1</sup>

<sup>1</sup> Excluding 650,000 square feet of leased office facilities for comparison to prior years, the diversion rate was 70.2%, representing a 19% decrease from the 2012 rate.

shows Applied's worldwide waste, recycling and diversion rates for the last three years (in metric tons). Hazardous waste treated off-site decreased in 2013, largely due to the company's waste treatment project at its Santa Clara, California facilities. A temporary treatment system was installed to treat wastewater prior to discharge to the local public treatment plant, eliminating the need to collect and ship the wastewater off-site for disposal. A long-term system is expected to be completed in 2014.

The company has several recycling programs for construction materials, copper piping, wood and batteries. Applied's battery recycling program captured 1,113 pounds of batteries in 2013, and has resulted in 4,000 pounds recycled in the last three-year period.



# SOCIETY

A long-time guiding principle of Applied Materials is that actively engaged corporate citizens contribute to the vibrancy of local communities. Based on this belief, Applied Materials and the Applied Materials Foundation are committed to making positive social contributions in regions where we operate.


In 2013, Applied and its Foundation awarded \$10.4 million in strategic grants around the world to support students and teachers as they explore the power of ideas, local leadership in meeting basic needs, creativity as the foundation of innovation and environmental stewardship to ensure a brighter future for all.



## THE POWER OF IDEAS IN LOCAL COMMUNITIES

We are committed to inspiring the next generation of innovators. In fiscal year 2013, Applied and its Foundation funded a wide range of global programs to encourage critical thinking and promote young students' interest in using science and math skills to address real world challenges.

Below are just a few of the many projects we supported that encourage students to expand their perspectives and develop new skills that showcase the power of their ideas to create a better world:

- Supported middle school students' participation in the Birdseye Hammond Tech Center at O'Maley Middle School in Gloucester, Massachusetts with hands-on design and drafting experience that aligns with their science and math curriculum
  - Hosted the Clean Tech Competition in Singapore to inspire teams of high school students to design technological solutions to address the real-world problem of access to "Clean Water for All"
  - Sponsored Shanghai's Future Science Stars, enabling 300 youth to design and create projects for a city-wide science fair
  - Funded the nonprofit We Care Solar to create an opportunity for youth at the Tech Museum in San Jose, California to build "Solar Suitcases" used to produce lighting for medical clinics and maternity hospitals in Africa
  - Collaborated with Semiconductor Equipment and Materials International (SEMI), a global industry association, to support High Tech U—a multi-day career exploration workshop for youth interested in science, technology, engineering and mathematics (STEM), and hosted workshops in Texas, California, New York, Japan and Korea
- 
- Worked with the U.S. Department of Energy, China's National Energy Agency and Peking University to launch the first Solar Decathlon in China—an international contest for teams of university students to design and build an attractive, energy-efficient and affordable solar home
  - Supported the Science on Wheels program of the Weizmann Institute to bring fun, interactive science enrichment programs and hands-on activities to 30 schools in low-income areas in Israel

## EMPLOYEE ENGAGEMENT

Applied and its Foundation have a long-standing tradition of supporting employee engagement and community giving through volunteer recognition and employee-matching gift programs. Our employees participated in numerous charitable events and programs around the world in fiscal year 2013, including:

- Annual EarthWorks campaign to raise environmental awareness and encourage employee participation in 24 educational and volunteer events in seven countries
- An Employee Giving and Matching Program, which generated nearly \$4 million for charities and schools
- Our Annual Food Drive, which raised \$1.2 million for 38 food banks across the U.S. and for the World Food Program, the food aid arm of the United Nations, which addresses food scarcity issues globally
- A Volunteer Time Grant program, under which employees logged over 15,000 hours of volunteer services for nonprofit organizations into the company's online GivingStation, which the Foundation matched with nearly \$45,000 in donations to community organizations

Applied employees also rallied to support a diversity of volunteer programs where they gave time to community enhancement activities, including:

- Building solar-powered homes with Habitat for Humanity in Korea
- Organizing the first food drive for the SOS Children's Village in Bangalore, India
- Replanting trees after a wildfire in Bastrop, Texas
- Conducting blood drives in Kalispell, Montana

- Joining Teach for America classrooms in Phoenix, Arizona
- Inspiring youth to pursue education beyond high school on "College Day" in San Jose, California

## WORLDWIDE COMMUNITY INVESTMENTS<sup>1</sup>

	2011	2012	2013
Total community investments by Applied Materials and the Applied Materials Foundation (\$M) (excludes administrative costs and in-kind donations)	11.7	10.7	10.4
Total Giving through Foundation Match Program (employee gifts plus match in \$M)	3.4	4.0	3.7
Total Volunteer Time Grant hours logged	8,945	9,015	15,442
Total contributions paid by Applied Materials Foundation based on Time Grant hours	\$33,250	\$38,500	\$44,550 <sup>2</sup>

<sup>1</sup> Data is for calendar year 2013.

<sup>2</sup> Reflects results of expanded volunteer program initiated in April 2013 that encouraged employees to log volunteer hours on an ongoing basis and increased matching grants from maximum of \$250/year to \$400/year per employee.





## Helping in Times of Disaster

Over the years, Applied Materials has demonstrated its readiness to help in crises that affect areas where our employees work and live. In 2013, the company responded quickly to natural disasters in Europe, China and India to meet community needs and complement the work of relief agencies to help those affected by tragedies.

In Dresden, Germany, record-level rains and ensuing flooding in June 2013 destroyed parts of the region. Applied awarded grants of U.S. \$5,000 each to help restore the facilities of three nonprofit agencies so they could resume operations. Employees in Germany also made personal contributions to these local relief efforts.

China's Sichuan province experienced a devastating earthquake in April 2013. The Applied Materials Foundation awarded a grant to the China Youth

Development Foundation to build temporary classrooms and provide school supplies to students. Additionally, employees of Applied Materials China helped raise funds for relief operations. In total, more than U.S. \$80,000 was contributed.

In June 2013, the mountainous Uttarakhand region of India was devastated by flash floods and landslides, leaving thousands homeless. The Applied Materials Foundation made a gift of U.S. \$10,000 to Habitat for Humanity India, helping to fund delivery of materials and a sustainable housing program to support rebuilding efforts. Employees in the region also gave donations through local fundraising efforts.

## PUBLIC POLICY

As a corporate citizen, Applied engages in efforts to help shape public policy around selected key issues that affect the company's business. In 2013, these issues included budget/appropriations, energy, immigration, natural resources, regulatory, taxation and trade. The company's lobbying activities are disclosed in periodic reports filed with the U.S. Senate and U.S. House of Representatives or the appropriate state agency (such as the California Secretary of State or New York State Joint Committee on Ethics), as applicable.

The Applied Materials, Inc. Political Action Committee (AMPAC) may make campaign contributions to candidates for U.S. federal office, other political action committees and political party committees, and state candidates where permitted. AMPAC is funded through voluntary contributions from the company's eligible employees and directors. The company occasionally makes financial and in-kind political contributions directly within the United States as permitted by applicable laws, such as contributions to candidates for California statewide offices and state legislatures or political party committees. These contributions may be made for appropriate corporate purposes only.

Neither Applied nor AMPAC makes contributions to so-called "super PACs" or any independent expenditures in support of or in opposition to campaigns, nor do they make political contributions outside the United States. Contributions are reported as required in filings with the U.S. Federal Elections Commission or the appropriate state agency (such as the California Secretary of State), as applicable.

## POLITICAL CONTRIBUTIONS

	2011	2012	2013
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by Applied Materials, Inc. <sup>1</sup>	\$303,305 <sup>2</sup>	\$274,900 <sup>2</sup>	\$12,500
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by AMPAC. <sup>1</sup>	\$85,400	\$89,000	\$56,000

<sup>1</sup> All contributions are made in the U.S. only.

<sup>2</sup> Includes contributions of \$50,000 each to the Democratic and Republican Governors Associations. No contributions were made to these associations in 2013.

For additional information about the company's political activities and associated governance processes, please see our 2013 Political Disclosure Report available at [http://www.appliedmaterials.com/files/political\\_disclosure\\_report.pdf](http://www.appliedmaterials.com/files/political_disclosure_report.pdf).



# WORKPLACE

As of the end of fiscal 2013, Applied's global workforce included approximately 13,700 regular employees (not including temporary employees or interns), spanning 84 locations in 18 countries.

Applied prides itself on being a company where employees can build their knowledge, skills and abilities for personal and career development, and work in a safe and ethical environment.

The tables that follow reflect key data for the past three years about the company's workforce training and development, as well as safety metrics.

## TRAINING AND DEVELOPMENT<sup>1</sup>

	2011	2012	2013
Average hours of training per year per person by category—regular full-time employees (RFT) and total (RFT, temps, contractors, interns)	40 RFT 26 Total	41 RFT 28 Total	44 RFT 32 Total
Percentage of employees receiving regular performance and career development reviews <sup>1</sup>	94	95	95

<sup>1</sup> Every employee is encouraged annually to complete an online performance appraisal that becomes part of their permanent record and can serve as a basis for career development planning. While nearly all eligible employees receive performance ratings from their manager, not all employees complete the appraisal. In addition, employees are encouraged annually to complete an Individual Development Plan (IDP) that includes skills assessment and a development roadmap. In 2013, 75% of employees had an IDP in place.

As part of measuring our success, every year a global survey is conducted to gain employee insights and collect recommended changes and improvements. The 2013 Employee Pulse Survey achieved the highest engagement score to date. Improved results from 2012 reflected the company's progress in providing employees with better direction and communication about the company's strategy and vision, along with career development opportunities.

## SAFETY METRICS<sup>1</sup>

NORTH AMERICA	2011	2012	2013
Total case incidence rate (TCIR)	1.05	0.80	0.71
Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (Days Away & Restricted Time or DART)	0.56	0.43	0.47
Number of work-related fatalities	0	0	0
WORLDWIDE	2011	2012	2013
Total case incidence rate (TCIR)	0.81	0.52	0.49
Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (Days Away & Restricted Time or DART)	0.51	0.31	0.33
Number of work-related fatalities	0	0	0
Number of office ergonomic evaluations performed	812	921	934

<sup>1</sup> Data is for fiscal year 2013.

In 2013, Applied introduced several new employee development resources through Applied Global University (AGU), including new online and classroom-based courses, an eBook subscription service available on mobile devices, and access to book summaries on topics such as conflict management, leadership development, presentation skills, change management and harassment prevention.

All employees are also required to complete annual training and certification on the company’s Standards of Business Conduct (available on [Applied’s website](#)) in order to support ethical decision-making and conduct.

HUMAN RIGHTS

Applied Materials demonstrates its commitment to Human Rights by consistently striving to operate in an ethical and responsible manner. The Applied Materials Standards of Business Conduct—which applies to both our global workforce and supply chain—includes several important provisions pertaining to human rights. These include prohibitions on the use of child labor or forced, bonded or indentured labor in our operations. Additionally, the Standards of Business Conduct forbid harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment.

In 2013, Applied implemented its Global Policy for Child Labor Avoidance, which clarifies and reinforces the prohibition on child labor in all countries in which we operate.

HUMAN RIGHTS INDICATOR

	2011	2012	2013
Number and percentage of operations that have been subject to human rights reviews or impact assessments, by country	0	0	0



Applied Acknowledged  
For Its **Ethics**

For the second year in a row, Applied Materials was named a Most Ethical Company® by the Ethisphere Institute, an independent center of research promoting best practices in corporate ethics and governance. The award recognizes organizations around the world from multiple industries that demonstrate ethical corporate leadership.

Ethics are an integral part of Applied Materials’ culture and foundational to our success, not just as a business, but as a leading global corporate citizen. Applied’s Standards of Business Conduct are rooted in the guiding principles of our core values, namely mutual trust and respect. Our relationships with customers, suppliers and others we do business with depend on that common trust and are a natural extension of our core values.

A key component of our Ethics program is educating and training our global workforce on the importance of doing the right thing—every day. Our strong ethical culture is also reflected in our management team, who lead by example. We recognize ethics is a shared responsibility and appreciate our employees’ ongoing commitment to responsible business practices and ethical decision-making.

# APPENDIX

## RESOURCES AND REFERENCES

Additional information regarding Applied Materials' business and corporate citizenship activities is available on our website at the following links:

- [2013 Annual Report with 10-K](#)
- [Applied Materials Blog](#)
- [Awards and Recognition](#)
- [Carbon Disclosure Project](#) (*Annual Water Use and Greenhouse Gas Emissions Reports*)
- [Company History](#)
- [Conflict Minerals Policy and Reporting](#)
- [Corporate Governance](#)
- [Corporate Responsibility](#)
  - [Community](#)
  - [Sustainability](#)
  - [Workplace](#)
- [Corporate Responsibility Reports](#)
- [Environmental, Health and Safety](#)
- [Global Clean Power Generation](#) (*On-site solar- and wind-powered energy systems*)
- [How We Do It](#) (*A primer regarding our business, products, and industries we serve*)
- [ISO Certifications](#)
- [Press Releases](#)
- [Organizational Profile](#)

## CONTACT US

If you would like more information about Applied Materials, please visit our website at [www.appliedmaterials.com](http://www.appliedmaterials.com).

If you have specific questions or comments on the content of this report, please contact our sustainability reporting team at: [corporate\\_responsibility@amat.com](mailto:corporate_responsibility@amat.com).

## LEGAL DISCLOSURE

Safe Harbor Statement. This report contains forward-looking statements, including those regarding Applied's performance, operations, strategies and goals, and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied, including uncertain global economic and industry conditions; technology trends; government policies and incentives; Applied's ability to achieve the objectives of operational and strategic initiatives; and other risks described in Applied's most recent reports filed with the Securities and Exchange Commission. All forward-looking statements are based on management's estimates, projections and assumptions as of June 1, 2014, and Applied undertakes no obligation to update any forward-looking statements.

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