



2014

CITIZENSHIP REPORT

WWW.APPLIEDMATERIALS.COM | JUNE 2015

APPLIED MATERIALS FY2014 COMPANY OVERVIEW

For fiscal year ended October 27, 2014



Regular Full-Time
Employees Worldwide

~14,000



Research &
Development

\$1.4B



Company Founded
and Headquartered in
Silicon Valley

11.10.67



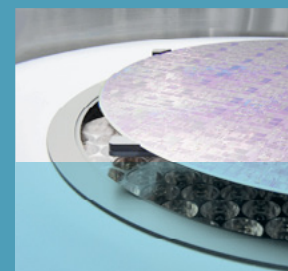
Locations and Countries

81 & 18



Number of Patents
Awarded

~10,500



Revenue

\$9.1B



FROM THE CEO

2014 was a landmark year for Applied Materials as we grew faster than our markets, made significant progress in our strategic and financial goals, accelerated product momentum and strengthened key areas of the organization.

We continued to demonstrate our commitment to corporate responsibility and sustainability by helping to enrich employee culture and development in the workplace, creating a positive social impact in local communities where we work and live, and reinforcing our environmental stewardship with innovative products, manufacturing methods and workplace initiatives worldwide.

In 2014, Applied was recognized by *Corporate Responsibility Magazine* in its latest annual list of 100 Best Corporate Citizens for our performance in areas of the environment, employee relations, human rights, philanthropy and other key indicators.

I invite you to read the Applied Materials Corporate Citizenship Report to learn more about the company's innovative programs and accomplishments that have had a positive impact on our employees, our communities and the world.

A handwritten signature in black ink that reads "Gary E. Dickerson". The signature is written in a cursive, flowing style.

Gary Dickerson
President and CEO

CONTENTS

INTRODUCTION 5

Corporate Responsibility 6

ENVIRONMENT 7

Environmental Impact 8

Energy 8

Water 9

Greenhouse Gas Emissions 10

Waste and Recycling 11

COMMUNITY 12

Student Achievement 13

Environmental Awareness 14

Alleviating Hunger 15

Supporting the Arts 16

Responding to Disaster 17

WORKPLACE 18

Training and Development 19

Safety 20

Ethics 21

Human Rights 21

Public Policy 22

APPENDIX 23

About This Report

This 2014 Citizenship Report is the ninth 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 2014, 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. Acquired businesses and operations are included from the date of acquisition.

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

INTRODUCTION

Being an industry leader isn't just about market share, technology prowess or the size of a company's workforce; it's also about the way we interact with our employees, our customers, local communities where we operate and the environment we share. It is about acting responsibly with the highest business standards and integrity.

Corporate responsibility is a fundamental principle of Applied Materials and a central part of our leadership in precision materials engineering solutions for the semiconductor, flat panel display and solar photovoltaic industries.

Our business practices and programs are a reflection of the company's commitment to employee development, engaging in projects around the world to enliven our communities and being a socially responsible corporate citizen.



CORPORATE RESPONSIBILITY AT APPLIED MATERIALS

Applied Materials focuses on three corporate citizenship areas integral to our business: Sustainability Practices, Community Investments and the Workplace.

SUSTAINABILITY PRACTICES

Applied Materials is committed to sustaining our business in an environmentally and socially responsible way, and we take strong measures to protect the health and safety of workers, customers and neighboring communities.

COMMUNITY INVESTMENTS

The company strategically invests its financial and human resources around the world in education, civic development, the environment and the arts to improve communities where we work and live.

WORKPLACE

The company is dedicated to attracting, developing and retaining a world-class global workforce and respecting the local culture of the regions where we do business.



A photograph of a solar panel array in a field with sunflowers in the foreground. The solar panels are mounted on a tall pole and are tilted towards the sun. The sunflowers are in the foreground, and the background shows a clear blue sky and some trees.

ENVIRONMENT

Our commitment to being an environmentally and socially responsible company starts with four guiding principles: improving energy efficiency; designing for the environment; promoting environmental awareness among employees and the public; and minimizing pollution wherever possible. Applied's commitment is further reinforced through its membership in the Electronic Industry Citizenship Coalition (EICC).

How We Manage Our Environmental Impact

Applied’s environmental responsibility is demonstrated by many aspects of our business: from Manufacturing and Supply Chain, to Engineering and Field Service to Environmental Health & Safety (EHS) and Sustainability—all play a role in helping to minimize our environmental impact.

As a team and as individuals, some of the ways we reduce our environmental footprint include: collaborating with suppliers and customers to use sustainable product materials, implementing recycling programs, designing energy efficient products and abating process air emissions from our labs.

Applied’s Supply Chain organization works with suppliers to support EHS practices and initiatives that can benefit both the environment and our respective businesses. Efforts are monitored through training, auditing and reporting.

The company utilizes its Environmental Management System (EMS) to deliver consistent environmental performance; our EMS is modeled after the international standard ISO 14001. Third party certification of Applied’s EMS began in 2004 and

continues today with the addition of new manufacturing locations, as appropriate.

The company also uses software called the Energy and Sustainability System (ESS) to accurately capture and track the company’s environmental impact. The ESS allows the company to collect, analyze, interpret, act on and report power and water consumption, waste generation, business travel data and greenhouse gas (GHG) emissions (Scope 1 and 2 under the “Greenhouse Gas Protocol”¹), with consistent units and correlation to global reporting standards. The data that are tracked and consolidated

relies mostly on information provided on a calendar year basis from utilities and other third parties.

ENERGY

The following Annual Worldwide Energy Consumption table shows direct and indirect worldwide energy consumption at Applied’s facilities for the last three years, including the amount of energy obtained from renewable sources.

¹The 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.

ANNUAL WORLDWIDE ENERGY CONSUMPTION	2012	2013	2014
Direct energy consumption by primary energy source (Gas) (Million Therms)	4.2	4.0	4.0
Indirect energy consumption by primary energy source (Electricity)(GWh)	296	304 ¹	318
Renewable Energy (Electricity)(GWh) ²	41	75	77

¹ 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.

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



(ENERGY CONTINUED)

Applied’s sustainability strategy for energy usage is focused on two areas: maximizing the efficient use of the energy required for our business; and producing and procuring renewable energy that is generated at Applied facilities or purchased from local utilities.

In 2014, the company’s on-site renewable energy generation increased 18.4 percent, mainly from electricity generated by our Gloucester, Massachusetts wind turbine, which was installed in 2012. Additionally, nearly 3.5 GWh of energy was generated from our solar photovoltaic panels installed at company sites in the U.S., Singapore and China.

WATER

The company regularly analyzes its water usage patterns to determine how to use this natural resource more efficiently. In 2014, average water usage increased slightly, which is attributable to increased lab R&D and manufacturing operations.

The table below shows water usage for the last three years (CCF=100 cubic feet).

Research and Development water usage levels fluctuate with business activity and product life cycle development. In 2014, the Austin, Texas campus Industrial Waste Neutralization (IWN) water recycling program was commissioned and is anticipated to be completed by June 2015. This effort reclaims IWN wastewater so that it can be used as make-up water for cooling towers at the Austin manufacturing facility.

ANNUAL WORLDWIDE WATER USAGE	2012	2013	2014
Worldwide total water usage (CCF) ¹	538,682	538,894 ²	566,804

¹ 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 usage only.

² 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.

GREENHOUSE GAS EMISSIONS

Applied’s greenhouse gas (GHG) emissions are a result of energy usage and equipment processes. In 2014, our electricity usage increased and natural gas usage was unchanged from 2013. The company’s total GHG emissions were reduced by approximately three percent due to a decrease in the equipment process emissions. Scope 3 emissions air travel increased approximately 10 percent due to international travel in support of business initiatives.

The table below shows Applied’s world-wide direct and indirect GHG emissions for the last three years (MTCe=metric tons of carbon equivalent).

In 2014, a number of energy conservation projects were completed to reduce GHG. Programs included replacing inefficient exterior lighting with LED lighting at Applied’s Santa Clara Bowers and Scott campuses, and reducing power requirements by half through optimized computer air conditioning at the Singapore Data Center. The GHG reduction from these projects as measured by our ESS is estimated to be greater than 430 metric tons of CO2e.

Additionally, examples of the many ongoing programs to help reduce greenhouse gas emissions include: carpool/ride-matching service for California,

Texas and Massachusetts employees; public and alternative transportation incentives for California employees; electrical vehicle charging stations at our Santa Clara and Sunnyvale Campuses; and preferred parking for carpool and hybrid vehicles. The company also sponsors Solar Education Workshops for U.S. employees to learn about discount incentives for installing solar energy power in their homes.

Applied also offers its Work-From-Home (AppliedAnywhere) program with 343 participants worldwide. The company also has 14 virtual meeting telepresence rooms, enabling employees in multiple locations to meet via telepresence.

ANNUAL WORLDWIDE GREENHOUSE GAS EMISSIONS	2012	2013	2014
Total direct and indirect greenhouse gas emissions by weight (MTCe) (Scope 1 + 2)	186,303	193,275 ¹	187,266
Other relevant indirect greenhouse gas emissions by weight (MTCe) (Scope 3 air travel)	35,069	18,690	20,275

¹ 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.



Applied Consistently Recognized for Environmental Stewardship

For the past six years, Applied Materials has been honored by government agencies, environmental organizations and national publications as a corporate and industry leader in sustainability. The company is committed to adopting and maintaining best practices to preserve all aspects of our environment and reduce our carbon footprint wherever possible.

Since 2009, the U.S. Environmental Protection Agency's (EPA) Green Power Partnership has recognized the company for its dedication to green energy. In 2014, Applied was ranked #82 in Green Power Partnership's Top 100 list of the largest green power users in the U.S. Applied has also been included on NEWSWEEK Magazine's "America's Greenest Companies" list each year since it debuted in 2009. In 2014, the company placed #17 on the magazine's corporate environmental ranking of the 500 largest American companies.

For its performance across environment, employee relations, human rights, philanthropy and other key indicators in 2014, Applied was recognized on Corporate Responsibility Magazine's annual "100 Best Corporate Citizens List."

Other honors include the California League of Conservation Voters' 2010 "Green Champion" Award. That same year Acterra recognized Applied with its Business Environmental Award.



WASTE AND RECYCLING

Applied's sustainability team measures total solid waste, non-hazardous waste, recycled waste, hazardous waste and diversion (recycling) rates. In 2014, the amount of hazardous waste decreased by 25 percent and non-hazardous waste increased by 29 percent. The increase in non-hazardous waste can be partially attributed to increased business activity.

ANNUAL WORLDWIDE WASTE, RECYCLING AND DIVERSION	2012	2013	2014
Total weight of waste by type and disposal method (metric tons):			
Hazardous waste treated off-site	2,201	610	458
Landfill (non-hazardous)	1,352	3,351	4,320
Recycled/composted/diverted	9,190	7,787	7,276
Diversion rate (%)	87.1	66.3 ¹	60.1

¹ 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.

There are recycling programs throughout Applied's offices, campuses and manufacturing facilities. A partial list of the company's efforts to recycle solid materials includes office items such as paper, cardboard, computers and monitors, batteries and toner cartridges; cafeteria items such as food, cooking grease, beverage cans and bottles; and building materials such as construction and demolition debris, fluorescent light bulbs, sheet metal and electrical wiring. Additionally, the company creates and utilizes reusable packaging materials where possible, such as specially-designed packages to protect machine components during transit.

COMMUNITY

We are a company committed to making a positive social contribution in communities where our employees work and live. In 2014 we sharpened our strategic focus on key philanthropic efforts and expanded our employee engagement programs around the world. Building on a strong legacy of community involvement, Applied made charitable investments of time and money to help improve the way people live.

In fiscal year 2014, Applied and the Applied Materials Foundation granted \$9.3M to programs supporting primary and secondary education, civic development, environmental stewardship and the arts. We continue to prioritize the needs of neighborhoods near our facilities where our investments can enhance education for underserved students, provide basic services to those less fortunate, promote environmental awareness and contribute to a vibrant, innovative arts sector.





Enhancing Student Achievement

Students can benefit from strong teachers and mentors, creative hands-on experiences and opportunities to broaden their thinking in order to succeed. Approximately 35 percent of charitable funding from Applied Materials and the Applied Materials Foundation are directed toward supporting educational initiatives.

Some of the 2014 grantees included:

- **New Teacher Center:** Induction support for new teachers in San Jose, California; Austin, Texas; Portland, Oregon; and Kalispell, Montana.
- **China Population Welfare Foundation:** Reading rooms in rural elementary schools in Shaanxi Province, China.
- **North East Community Development Council:** Hands-on science workshops and environmental experiments in Singapore.
- **Arkadas:** Mentoring immigrant children by high school students in Alzenau, Germany.
- **NPO Solar Bear:** Solar energy training and hands-on experiments for primary school students in Fukushima, Japan.
- **Breakthrough:** Academic and college readiness program for underserved youth in grades 6-12 in San Jose, California and Austin, Texas.
- **Weizmann Institute of Science:** Mobile science bus that encourages students' interest in science in Rehovot, Israel.



Cultivating Environmental Awareness

Through grants and employee volunteerism, Applied works to increase awareness of environmental issues and to positively impact local communities.

2014 highlights included:

- **Ocean Alliance:** Robotics lab to engage and educate Cape Ann area students in ocean pollution, whale studies and ocean habitat sustainability in Gloucester, Massachusetts.
- **Jane Goodall Institute:** Youth for Environmental Sustainability Program in 50 schools in five cities in China; “Roots & Shoots” public awareness and education program in Taiwan.
- **Korea Federation for Environmental Movements (KFEM):** Volunteers supported the planting of 12,000 trees to protect the environment; Applied received the “Environment Stewardship Award” from KFEM for this initiative.
- **Fujisan Club:** Employee volunteer activity to remove 500 pounds of debris from Mt. Fuji, Japan.
- **Collaborative on Clean Energy for the Underserved with Santa Clara University:** Accelerated the provision of clean energy to 1.3 billion people living off the grid worldwide, with emphasis on India.
- **Scuola Primaria 1 Maggio:** Environmental education and tree planting for students assisted by Applied volunteers in Treviso, Italy.



Alleviating Hunger

Applied and its employees work to provide nourishment for vulnerable populations by participating in food drives and other events to help those less fortunate.

Some 2014 activities included:

- **North America Food Drive:** Donations from employees that were matched by the Applied Materials Foundation resulted in \$1.5M raised for 47 food banks across the U.S.
- **Passover Food Drive:** 500 employees packed 4,000 boxes of food distributed to benefit 20,000 individuals in Rehovot, Israel.
- **SOS Children's Villages in India:** Food drive activities generated \$18,000 in employee gifts and matching funds in India.
- **Applied Materials Silicon Valley Turkey Trot:** In its 10th year, the Thanksgiving Day tradition attracted 26,500 registrants and raised \$950,000, benefiting five nonprofits, including two food banks in the Silicon Valley.
- **Huashan Social Welfare Foundation:** Home care and meal delivery for 500 senior citizens in Tainan, Taiwan.



Raising the Curtain on Arts

The arts add vibrancy to communities, enrich lives and provide opportunities for people to come together in shared experiences that can transcend boundaries to foster understanding. Applied and the Applied Materials Foundation help make art more accessible to communities around the world.

A partial list of 2014 programs included:

- **Chu-Chian Culture and Education Foundation:** 13 seminars on opera and art history attracted 7,000 community members to the annual Applied Materials Taiwan Art Festival.
- **Gloucester Stage Company:** Offered subsidized tickets to encourage community members to enjoy live theatre in Massachusetts.
- **Glacier Symphony and Chorale:** Supported public festival and events that bring music to Kalispell, Montana region.
- **Cinequest:** Expanded the number of foreign films and regions represented in the 25th year of its film festival in San Jose, California.
- **Contemporary Austin Museum:** Brought families together for affordable, accessible and engaging art-making activities inspired by art on view.

Employee Matching Programs Go Global

For more than 15 years, employees in the U.S. have had the opportunity to make personal financial donations to charity and request a match for eligible contributions from the Applied Materials Foundation. In 2014, \$3.5M was distributed to community organizations and K-12 schools through this program, enabling employees to secure Foundation funds for causes of personal interest.

In 2014 Applied expanded its Employee Giving and Matching Programs to provide employees worldwide with the opportunity to make a monetary donation to an eligible charity and request a 1:1 match from the Applied Materials Foundation up to the equivalent of US\$2,000 per employee, per year. This program allows employees to increase their impact in the community and leverage Foundation resources for the benefit of non-governmental organizations that are focused on improving the way people live.

Employees can also take advantage of Volunteer Time Grants that recognize individuals who donate their personal time as a volunteer to eligible organizations. Each 10 hours volunteered by an employee and recorded via an online tool during a quarter results in a “gift card” equivalent to US\$100, which the employee can award to a charity.

The Matching Gift and Volunteer Time Grant Programs rolled out to non-U.S. regions in October, 2014 and underscore Applied’s dedication to making a positive social contribution wherever our employees work and live.

Responding to Disaster

Applied and the Applied Materials Foundation respond when disasters strike areas where the company operates or employees live.

In 2014, the following relief and recovery efforts were supported:

- Red Cross operations in the Philippines, China and Taiwan in the aftermath of Typhoon Haiyan.
- Red Cross Society of the Republic of China activities after a series of gas explosions in downtown Kaohsiung City, Taiwan.
- China Youth Development Foundation efforts to build e-libraries in three schools damaged by an earthquake in the Yunnan area in China.
- Japanese Red Cross support following torrential rainstorms and mudslides caused by Typhoon Neoguri.

WORLDWIDE COMMUNITY INVESTMENTS	2012	2013	2014
Total community investments by Applied and its Applied Materials Foundation (\$M) (excludes administrative costs and in-kind donations) ¹	10.7	10.4	9.3
Total Giving through the Foundation Match Program (employee gifts plus match in \$M) ¹	4	3.7	3.5
Total Volunteer Time Grant hours logged	9,015	15,442	16,917
Total contributions issued by Applied Materials Foundation based on Time Grant hours	\$38,500	\$44,550 ²	\$46,600

¹ Data is for fiscal year

² 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.

WORKPLACE

Working in a safe and ethical workplace and building knowledge for personal and career development are central to Applied's culture and values. At the end of fiscal 2014, Applied's global workforce included approximately 14,000 regular employees (not including temporary employees or interns), spanning 81 locations in 18 countries.



Training and Development

As part of its learning and development efforts, Applied Global University (AGU) introduced new strategic educational programs in 2014 to help employees strengthen competencies in three key areas:*

- Product Development Engine (PDE) Academy:** This training focuses on a disciplined methodology for product development to drive common Best Known Methods (BKMs) across the company. In 2014, more than 4,000 employees completed the introductory web-based class and over 2,400 engineering, marketing and leadership employees finished the advanced in-class training.
- Customer Engagement Engine (CEE):** The goal of this program is to strengthen our customer-facing organization, further bringing the “the voice of the customer” into Applied to contribute to product roadmaps and help solve customers’ high value problems. In 2014, the rigorous, three-day workshop was attended by more than 520 sales and business development employees, who also became certified in the Applied Sales Process.
- Executive Leadership Series (ELS):** Designed to enhance Applied leadership skills across the different business and

functional organizations, the six-module program spans 12 days and is customized for its participants by Applied executive leaders and company subject matter experts. In 2014, 145 of the company’s executives began the ELS series and the rest are expected to complete the program in 2015.

In 2014, the company transitioned its performance management, rewards and other talent processes to a single enterprise-level system called Workday. Employees are able to manage and track

their performance and development activities, and share work experience, skills and career interests on a single webpage location. This “professional profile” in Workday enhances employees’ visibility for consideration of internal job opportunities and also helps Applied’s human resources team understand, develop and move talent to critical areas of business. For managers, Workday provides a more streamlined way to manage their teams.

The table below reflects key data for the past three years about the company’s workforce training and development.

WORKPLACE TRAINING AND DEVELOPMENT	2012	2013	2014
Average hours of training per year per person by category—regular full-time employees (RFT) and total (RFT, temps, contractors, interns)	41 RFT 28 Total	44 RFT 32 Total	41.5 RFT 28.5 Total
Percentage of employees receiving regular performance and career development reviews ¹	95	98	98

¹ 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 that includes skills assessment and a development roadmap. In 2014, 76 percent of employees had a development plan in place.

*Attendee numbers are for fiscal year

Safety at Applied

Providing a safe workplace for employees, customers and business partners is integral to Applied's values. Our ongoing efforts include an Environmental, Health and Safety (EHS) Management System, safety self-inspections, safety walk-throughs, safety review board meetings and committees, training, new chemical approvals and many other ongoing programs throughout the company worldwide.

As a result of these programs and management's focus on this important area, Applied's safety metrics improved from 2013 to 2014. Additionally, the company had no environmental, safety or regulatory notices of violations or fines in FY2014.

The tables on this page reflect safety performance metrics for the past three years.

SAFETY PERFORMANCE ¹	2012	2013	2014
North America			
Total case incidence rate (TCIR)	0.80	0.71	0.70
Percentage of employees receiving 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)	0.43	0.47	0.38
Number of work-related fatalities	0	0	0
Worldwide			
Total case incidence rate (TCIR)	0.52	0.49	0.46
Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (DART)	0.31	0.33	0.26
Number of work-related fatalities	0	0	0
Number of office ergonomic evaluations performed	921	934	1,079

¹Data is for fiscal year 2014.

New On-Site Wellness Centers Offer Host of Services

Applied is committed to supporting the overall health and well-being of its employees and their families. In its continuing effort to foster a culture of wellness and encourage employees to embrace better health, the company offers wellness centers in Santa Clara, California; Austin, Texas; and Gloucester, Massachusetts.

Since opening in 2013, there have been a total of more than 17,000 visits by almost 4,000 employees, with a satisfaction rate of 97 percent.

These wellness centers focus on overall health from a holistic perspective—physical, emotional, financial and social. A wide range of integrated services and resources are offered and many are covered by some of Applied’s medical insurance plans. The Santa Clara center also includes a fitness facility with personal training and group exercise classes.

For employees not located near wellness centers, remote services are offered, including health and behavioral coaching, messaging with the employee’s care team and online goal-tracking tools.



Ethics: Everyone, Every Day

Ethics are an integral part of Applied culture, from the company’s employees to relationships with customers, suppliers and others we do business with—we depend on this earned trust as a natural extension of Applied’s core values.

In 2014, Applied Materials expanded its ethics program to the Office of Ethics and Compliance. This organization oversees the Standards of Business Conduct, ethics training and awareness messaging, third party due diligence, various communication channels used by employees to raise concerns and internal investigations.

To reinforce the importance of ethical behavior in the workplace, Applied lengthened its annual Ethics Day program to a full week in 2014, with events and communications focused on conducting business with integrity and honesty, and speaking up with concerns about upholding our values.

In 2014, Applied was named a World’s Most Ethical Company® for the third consecutive year by the Ethisphere Institute, an independent center of research promoting best practices in corporate ethics and governance.

Human Rights

Applied Materials is committed to Human Rights. We consistently strive to operate in an ethical and responsible manner, both with our workforce and through our supply chain. Our Standards of Business Conduct include several important provisions about human rights, including prohibitions on the use of child labor or forced, bonded or indentured labor in our operations; and harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment. In 2013, Applied reinforced and clarified its prohibition on child labor in all countries in which it operates by implementing a Global Policy for Child Labor Avoidance.

HUMAN RIGHTS INDICATOR	2012	2013	2014
Number and percentage of operations that have been subject to human rights reviews or impact assessments, by country	0	0	0

Public Policy

As a corporate citizen, Applied Interacts with government and elected officials and candidates and provides information about the company, its businesses and stakeholders, as well as the industries in which we operate through the activities of our Government Affairs group. This includes efforts to shape public policy on certain issues that affect the company’s business. In 2014, these issues included budget and appropriations, energy, immigration, intellectual property, 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.

Consistent with U. S. campaign finance law, the Applied Materials, Inc. Political Action Committee (AMPAC) may make campaign contributions to candidates for state or U.S. federal office, other political action committees and political party committees where permitted. AMPAC is funded through voluntary contributions from the company’s eligible employees, directors, and shareholders. Through its state contri-

butions committee (comprised of the same persons who serve on the AMPAC board), the company occasionally makes financial and in-kind political contributions within the United States as permitted by applicable laws, such as contributions to candidates for California statewide offices and state legislatures. 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 U.S. 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. In addition to these governance policies and other company controls, all persons acting on Applied’s behalf must comply with our Standards of Business Conduct.

Additionally, Applied belongs to various trade associations and similar organizations representing the range of issues that the company cares about and believes will benefit the company’s business activities.

More detailed information regarding political contributions or membership fees from Applied and/or its AMPAC can be found as part of the [2014 Political Disclosure Report](#).

POLITICAL CONTRIBUTIONS	2012	2013	2014 ³
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by Applied Materials, Inc. ¹	\$274,900 ²	\$12,500	\$6,500
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by AMPAC ¹	\$89,000	\$56,000	\$68,000

¹ All contributions are made in the U.S. only.

² Includes contributions to Democratic and Republican governors’ associations.

³ Detailed 2014 contributions by Applied and its AMPAC can be found as part of the 2014 Political Disclosure Report.

Appendix

RESOURCES AND REFERENCES

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

- » [2014 Annual Report with 10-K](#)
- » [Awards and Recognition](#)
- » [Carbon Disclosure Project](#) (*Annual Water Use and Greenhouse Gas Emissions Reports*)
- » [Conflict Minerals Policy and Reporting](#)
- » [Corporate Governance](#)
- » [Corporate Responsibility](#)
 - » [Community](#)
 - » [Sustainability](#)
 - » [Workplace](#)
- » [Corporate Responsibility Reports](#)
- » [Environmental, Health and Safety Policy](#)
- » [Global Clean Power Generation](#)
- » [How We Do It](#) (*A primer regarding our business, products, and industries we serve*)
- » [ISO Certifications](#)
- » [Political Disclosure Report](#)
- » [Press Releases](#)
- » [Organizational Profile](#)
- » [Transparency in Supply Chains Act](#)

Contact Us

If you would like more information about Applied Materials, visit our website at www.appliedmaterials.com. If you have specific questions or comments on the content of this report, contact our sustainability reporting team at: 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. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, and are not guarantees of future performance. Information concerning these risks and uncertainties is contained 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, 2015, and Applied undertakes no obligation to update them.

© 2015 Applied Materials, Inc. Applied Materials and the Applied Materials logo are trademarks of Applied Materials, Inc. and/or its affiliates in the U.S. and other countries. Third party trademarks mentioned are the property of their respective owners.