



# 2015

## CORPORATE CITIZENSHIP REPORT



In 2015, Applied Materials delivered solid growth and made significant progress toward our long-term strategic and financial goals. Our leadership in materials engineering is making key technology inflections possible, and creates a great foundation for future growth and exciting new opportunities for our employees.

As part of our company culture, we believe in making a positive contribution to the industries and communities in which we operate. Applied proactively reinforces environmental stewardship through innovative products and manufacturing methods, we invest in the communities where we work and live across the globe, and we strive to enrich our workplace culture for our employees. We are proud that our accomplishments earned us a place on the annual 100 Best Corporate Citizens list published by *Corporate Responsibility Magazine*.

I invite you to learn more about the company's sustainability, workplace and community programs in the 2015 Applied Materials Corporate Citizenship Report.

A handwritten signature in black 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

# 2015 CORPORATE CITIZENSHIP REPORT

## About This Report

This 2015 Citizenship Report is the annual sustainability report of Applied Materials, Inc. and its subsidiaries (collectively referred to as "Applied" or "the company"). Applied Materials issued its first Citizenship Report in 2007. The 2015 report 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 2015, 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.

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# FY2015 COMPANY OVERVIEW

For fiscal year ended October 25, 2015

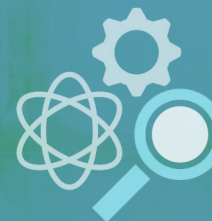
We use materials engineering to improve the way people live. By creating and modifying materials at an atomic level and on an industrial scale, we make possible breakthrough innovations that shape the future.



**\$9.7** billion revenue



**>10,200** patents



**\$1.5** billion R&D  
investment



**AMAT** stock listing  
on NASDAQ



Headquartered in  
California's **Silicon Valley**



**>14,000** employees  
**81** locations in  
**18** countries

At Applied Materials, our innovations make possible the technology shaping the future. Rooted in this vision is the notion that innovative technologies can improve people's lives.

From the health and well-being of our employees and their communities, to our sustainable business practices and corporate governance, every aspect of our business supports the goal of building a better future for all. The company demonstrates this commitment through our corporate citizenship investments in three key areas: Sustainability, Community and the Workplace.



#### SUSTAINABILITY PRACTICES

Applied 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 makes strategic investments around the world in education, civic engagement, the arts and the environment to improve communities where we work and live.

#### WORKPLACE CULTURE

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.



# SUSTAINABILITY

## IN THIS SECTION

- » Managing Environmental Impact
- » Energy
- » Water
- » Greenhouse Gas Emission
- » Waste & Recycling

In 2015, the company continued to turn our sustainability objectives and practices into results, improve and enrich communities where we have a presence, and ensure a safe, thriving workplace for employees.

Applied Materials is committed to positively impacting our environment. Our five guiding sustainability principles are: improve energy efficiency; design for the environment; promote environmental awareness among employees and the public; minimize pollution wherever possible; and conserve resources. These principles are demonstrated through the way we conduct our daily business. Our dedication to sustainability is reinforced through our membership in the Electronics Industry Citizenship Coalition (EICC).





Our Supply Chain organization collaborates with suppliers to encourage and support best EHS practices and initiatives that can benefit both the environment and our respective businesses. Results are monitored through training, auditing and routine reporting.

## How We Manage Our Environmental Impact

Applied exhibits responsibility towards the environment through our Environmental Health & Safety (EHS) program, manufacturing practices, business operations, supply chain initiatives, and the way we operate in our communities.

Our Supply Chain organization collaborates with suppliers to encourage and support best EHS practices and initiatives that can benefit both the environment and our respective businesses. Results are monitored through training, auditing and routine reporting.

The company uses its Environmental Management System (EMS), which is modeled on the International Organization for Standardization (ISO) 14001 standard, to measure Applied's environmental performance. Applied began utilizing an EMS in 2004, when we ISO 14001-certified our Austin, Texas manufacturing location. Since then, we obtained the ISO 14001 certification for our manufacturing sites in Singapore, Israel, Montana, Taiwan and Italy. In 2015, our New Product Integration (NPI) operation in Santa Clara, California was the seventh global location to obtain ISO 14001 certification. Applied's certification roadmap includes registration of three additional global manufacturing sites: Gloucester, Massachusetts, and Alzenau and Heimstetten, Germany.

In conjunction with the EMS, Applied uses its Energy and Sustainability System (ESS) software to accurately capture and track the company's environmental impact. The ESS enables the company to collect, analyze, interpret, act on and report power and water consumption, waste generation, greenhouse gas (GHG) emissions (Scope 1 and 2 under the "Greenhouse Gas Protocol"\*) and business travel data (Scope 3\*) with consistent units and correlation to global reporting standards. The data that are tracked and consolidated originate primarily from information provided on a calendar year basis by utilities and other third parties.

\* The GHG Protocol is a widely-used international accounting tool for quantifying and analyzing greenhouse gas emissions. It was created by a partnership between the World Resources Institute and the World Business Council for Sustainable Development.



Green energy supported **100% of the power demand** for our **two Santa Clara campuses** and approximately **28% of Austin's electricity demand**. Solar panel arrays at Applied's facilities in Sunnyvale, California; Singapore; Xi'an, China and Austin, Texas generated a total of **3.5 GWh of energy**.

## Energy

Applied's energy usage sustainability strategy focuses on two core areas: maximizing the efficient use of the energy required for our business, such as through energy management control systems, lighting and other facilities infrastructure upgrades; and producing renewable energy at Applied facilities and/or purchasing such energy from local utilities.

As an integral part of our clean energy initiatives, Applied installed a wind turbine at our Gloucester, Massachusetts facility in 2012, which has generated 20.7 GWh of energy. Applied sells the renewable energy certificates (RECs) associated with the wind turbine in support of the Massachusetts Department of Energy Resources (DOER) Renewable Energy Portfolio Standard. Due to a technical problem in September 2015, the turbine was shut down and is currently in repair. It is expected to be fully operational by the end of 2016.

Applied's Santa Clara, California and Austin, Texas facilities support their energy needs with purchases of green energy (renewable energy from wind or solar sources) from local utility providers. The green energy purchased supported 100 percent of the power demand for our two Santa Clara campuses and approximately 28 percent of Austin's electricity demand in 2015. In addition, solar panel arrays at Applied's facilities in Sunnyvale, California; Singapore; Xi'an, China and Austin, Texas generated a total of 3.5 GWh of energy in 2015.

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.

ANNUAL WORLDWIDE ENERGY CONSUMPTION	2013	2014	2015
Direct energy consumption by primary energy source (Gas) (Million Therms)	4.0	4.0	3.8
Indirect energy consumption by primary source (Electricity) (GWh) <sup>1</sup>	311	327	331
Renewable energy (Electricity) (GWh) <sup>1,2</sup>	68	68	65
<sup>1</sup> Data for reporting years 2013 and 2014 have been modified to account for Applied's sale of Renewable Energy Certificates (RECs).			
<sup>2</sup> Renewable energy consists of on-site generation from Applied's solar arrays in Austin, Singapore and China and green power RECs purchased in Austin and Santa Clara.			





## Austin Water Reclamation Program to Save 6 Million Gallons Annually

The company regularly seeks new ways to conserve and recycle its water. The Austin Industrial Waste Neutralization (IWN) Program, launched in September, 2015, is set to have a substantial future impact on water usage—a savings of approximately 16,000 gallons of water per day, or 6 million gallons per year. Its positive environmental impact was recognized by the City of Austin for Excellence in Water Conservation in 2015.

Prior to the IWN program, the Austin wet tool manufacturing operations tested waste distilled water and used reverse osmosis to neutralize the water and then discharged it to the City of Austin publically-owned treatment works (POTW).

The IWN reclamation program reuses treated industrial waste water in the cooling towers at the Austin manufacturing facility as make-up water. Each gallon of reclaimed IWN waste water added to the cooling towers for make-up directly replaces clean city water that would otherwise have been used. Excess volumes of reclaimed waste water continue to flow through the lift station to the City of Austin POTW.

During the cooler months, the recycled waste water is expected to provide over 90 percent of the total cooling tower make-up water and will augment the original make-up water source during hotter months.

## Water

The company regularly analyzes its water usage patterns and determines ways to minimize water consumption across our operations. Water usage totals will fluctuate with business activity, research and development needs and product life cycle development.

In 2015, average water usage decreased by eight percent. Applied implemented the Austin Industrial Waste Neutralization (IWN) Program in September 2015, which is anticipated to save the company 6 million gallons of water annually. Its positive future impact was recognized by the City of Austin for Excellence in Water Conservation in 2015.

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

ANNUAL WORLDWIDE WATER USAGE	2013	2014	2015
Worldwide total water usage (CCF) <sup>1</sup>	538,894	566,804	522,802
<sup>1</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 usage only.			

## Greenhouse Gas Emissions

Applied’s greenhouse gas (GHG) emissions are a result of energy usage and equipment process emissions. The company has a long-standing commitment to support efforts to reduce our greenhouse gas emissions through policies and programs, product manufacturing processes and solutions offered to customers.

In 2015, our GHG emissions remained flat from 2014 due to a three percent increase in our electricity usage, coupled with a three percent decrease in our natural gas usage. Scope 3 emissions (indirect releases) decreased 45 percent year-over-year primarily due to reduction in business-related air travel.



The table below shows Applied's worldwide direct and indirect GHG emissions for the last three years.

ANNUAL WORLDWIDE GREENHOUSE GAS EMISSIONS <sup>1</sup>	2013	2014	2015
Total direct and indirect greenhouse gas emissions by weight (MTCe) (Scope 1+2) <sup>1</sup>	169,571	163,703	170,613
Other relevant indirect greenhouse gas emissions by weight (MTCe) (Scope 3 air travel)	18,690	20,724	11,390
<sup>1</sup> Indicates Applied's worldwide direct and indirect GHG emissions for the last three years (MTCe=metric tons of carbon equivalent); however, does not include renewable energy that is sold into the REC trading market.			

To address global-warming potential (GWP), the company takes a proactive, cost-effective approach to reduce gaseous chemicals used in products, such as perfluorocarbons (PFCs) and sulfur hexafluoride (SF6). For instance, the Applied Aeris™-G pre-pump plasma abatement solution, with more than 1,000 customer installations, uses less energy treating the actual process gas volume, a smaller and more concentrated volume than what is treated by post-pump abatement units. The plasma dissociation, combined with the low volume of nitrogen in the Aeris-G chamber during abatement, reduces nitrogen oxide emissions to near zero. The product also saves subfab space, reduces utility and exhaust connections and minimizes installation costs, while improving abatement efficiency. Units are synchronized with chamber operation and operate on-demand to lower electricity usage and reduce the cost of ownership.

Applied has a long history of supporting employee programs that help reduce greenhouse gas emissions. Some of these programs include: carpool/ride-matching and vanpool 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 Austin site; and preferred parking for carpools, hybrid and electric vehicles in Austin and Santa Clara.

Applied continues to offer its Work-From-Home (AppliedAnywhere) program with 417 participants and 18 telepresence rooms for virtual meetings.

## 2015 WASTE REDUCTION



Hazardous  
Waste

52%



Landfill

28%



Recycled/  
composted/  
diverted

12%

The company also provides employee discounts for the purchase and installation of solar panels for their homes. Through the Employee Solar Program, eligible employees can receive a rebate of up to \$1,500 through an approved vendor. This program is offered in addition to state and/or local rebate programs in several areas in the U.S. with Applied operations.

## Waste and Recycling

Applied consistently works to reduce its solid waste and hazardous and non-hazardous waste and to increase its recycling and diversion rates. The total amount of hazardous waste or non-hazardous waste generated depends on fluctuations and changes in business demand, facility system or process improvements and the use of enhanced materials controls and management.

In 2015, the amount of hazardous waste decreased by 52 percent and non-hazardous waste decreased by 28 percent. The reduction in hazardous waste was primarily due to removal of a Santa Clara campus machine that generates copper-containing liquid waste, while a second machine had limited activity during the year. Additionally, a newly-installed waste management process in Santa Clara was fully operational during 2015.

Applied's offices, campuses and manufacturing facilities globally implement recycling programs to decrease non-hazardous waste and increase waste diversion. Activities include recycling of solid materials, cafeteria items and building materials, as well as creation of reusable packaging for shipping and other uses.

ANNUAL WORLDWIDE WASTE, RECYCLING AND DIVERSION	2013	2014	2015
Total weight of waste by type and disposal method (metric tons):			
▶ Hazardous waste treated off-site	610	458	223
▶ Landfill (non-hazardous)	3,351	4,320	3,136
▶ Recycled/composted/diverted	7,787	7,276	7,906
▶ Diversion rate (%)	66.3	60.1	71.7





# COMMUNITY

## IN THIS SECTION

- » [Community Investments](#)
- » [Responding To Disaster](#)
- » [Employee Engagement](#)

As a responsible global citizen, we strive to make a positive contribution to the communities where we live and to the world around us. We live this core value through initiatives and programs that support community involvement, corporate philanthropy and employee engagement, working with organizations that offer programs and services without discrimination toward any group or individual.

The company and the Applied Materials Foundation focus their community investments in four key areas: quality education, strong civic leadership, a vibrant arts and culture scene, and increased environmental awareness. Applied also encourages employees to engage in their local community through volunteerism and giving, matching employee gifts and volunteer hours to not-for-profit organizations.



Because our business is built on the power of ideas, Applied is committed to inspiring the next generation of innovators.

## Community Investments

Applied Materials demonstrates its commitment to the community by investing in hundreds of organizations around the world. The company directs its grantmaking towards the unique needs of each region, aligning investments with the company’s four philanthropic focus areas and geographies where we have a presence.

In fiscal year 2015, Applied and the Applied Materials Foundation granted \$9.5 million to communities around the globe. The following Community Investment table shows key data for the last three years.

ANNUAL COMMUNITY INVESTMENT	2013	2014	2015
Total community investments by Applied and its Applied Materials Foundation (\$ millions) (excludes administrative) <sup>1</sup>	10.4	9.3	9.5
Total Giving through the Foundation Match Program (employee gifts plus match in \$ millions) <sup>1</sup>	3.7	3.5	3.8
Total Volunteer Time Grant hours logged	15, 442	16, 917	14,325
Total contributions issued by Applied Materials Foundation based on Time Grant hours	44, 520	46,600	42,900

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

Examples of our 2015 work are highlighted in the following sections.

### Advancing Educational Achievement

Because our business is built on the power of ideas, Applied is committed to inspiring the next generation of innovators, adopting a collaborative approach to advancing education achievement and teacher professional development in specific neighborhoods.

Applied’s Education Initiative in Silicon Valley, California and Austin, Texas aims to narrow the academic achievement gap by working across sectors to benefit underserved students. The East Side Alliance, comprised of eight school districts in San Jose and numerous funders



and nonprofit organizations, facilitates school district collaboration focused on ensuring approximately 85,000 K-12 East Side students graduate from high school prepared to thrive in a college environment. Similarly, E3 Alliance, a regional education collaborative in Austin, convenes public and private partners to transform teaching and learning in middle schools that helps improve student achievement.

In Rehovot, Israel, Applied enhanced its support of after-school centers for disadvantaged children in the Oshiot neighborhood. Applied Materials Israel also sustained its strong collaboration with Sinai School, including cash support, employee volunteerism and student mentorship.

Additionally, through SEMI Foundation's High Tech University, the company joined other industry leaders in funding semiconductor career exploration workshops for students in the U.S., Japan and Korea, inspiring their interest in science, technology and engineering.

## Strengthening Communities

With the mission of improving the way people live around the world, Applied acts on its responsibility to strengthen local communities through increased access to affordable housing and building capacity of the nonprofit sector.

In 2015, the company participated in efforts to increase opportunities for families to secure stable housing. In Phoenix, Arizona, Applied supported House of Refuge to provide shelter to homeless families participating in a basic skills training. In Silicon Valley, the company funded The Housing Trust's rental deposit program and took an active role in local efforts to increase the supply of affordable housing. Outside the U.S., Applied employee volunteers leveraged a grant to Habitat for Humanity Korea to construct solar-powered houses for disadvantaged families.

In support of building the capacity of the nonprofit sector to address community needs, the company worked with Mission Capital to convene Austin, Texas grantees for the 2015 Applied Materials Advancement Academy. In a post-workshop survey, nearly 100 percent of the participants agreed that the program, which focused on nonprofit project management, would make both an immediate and long-term impact on their organization.







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Aligned with our sustainability principle to promote environmental awareness among employees and the public, Applied invests in nature education programs for youth and community-based projects.

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## Championing Arts and Culture

As a company that thrives on innovation, Applied continued its long-term commitment to creative expression by investing in local arts and culture activities.

The company supported dozens of exhibitions and performances offered by local arts organizations in North America, including summer musical theatre in Kalispell, Montana, symphony productions in Gloucester, Massachusetts and art exhibits in San Jose, California.

In Taiwan, the company marked the 15th anniversary of the Applied Materials Taiwan Art Festival, celebrating public appreciation of the arts. Since the program began, it has reached over 56,000 art and music enthusiasts, including 8,500 attendees in 2015.

Applied also renewed its investment in the Shanghai Charyou Youth Volunteer Service Center in China to support the Arts Talent Camp for western minority youth. The program includes mentoring from artists, visits to art museums and exposure to multi-cultural environments.

## Cultivating Environmental Awareness

Aligned with our sustainability principle to promote environmental awareness among employees and the public, Applied invests in nature education programs for youth and community-based projects.

In Gloucester, Massachusetts, we invested in the launch of a new school gardens program, which enabled 1,600 pre-K through 6th grade students to plant, harvest and eat fresh vegetables from school gardens and local farms. The company supports similar projects in Austin and Silicon Valley.

Applied also made a grant to The Jane Goodall Institute Shanghai's Youth for Environmental Sustainability program, enabling more than 2,000 students from 55 schools in Shanghai, Xi'an, Suzhou, Wuxi and Beijing China to participate in environmental education. In Taiwan, funding for the IShare Community Development Association facilitated environmental education for 7,000 students across 12 Hsinchu high schools.

In addition, company volunteers in India, Korea and Taiwan joined with other local community members to plant native vegetation and trees at several regional parks, lakes and preserves throughout the year.



## Helping Hands Day Celebrates 20 Years

The tradition of Helping Hands Day began in 1995, when a small group of employees and their families helped pack boxes of food for Second Harvest Food Bank of Santa Clara and San Mateo Counties.

The event has grown over the years into the company's biggest annual employee volunteer event in Santa Clara, packing over 78,000 boxes with more than 25 million pounds of food.

Over the years, Helping Hands Day has expanded to meet the increasing demand for food bank services in Silicon Valley. In 2015, a record 6,010 boxes of food were packed by 312 volunteers—some of whom have participated for all 20 years.

Through Helping Hands Day and other food drive activities, we are honored to partner with organizations to address food insecurity issues in the communities where we work and live.

## Responding to Disaster

As a global citizen, Applied supports relief and recovery efforts in the aftermath of disasters impacting areas where the company, customers or employees have a presence or where there is significant community need.

Following the 7.8 magnitude earthquake in Nepal in April 2015, Applied responded with a donation to the American Red Cross, which partnered with its Nepal chapter to help 550,000 victims in the country.

In June 2015, after an explosion that injured 500 at a recreational water park in New Taipei, Taiwan, Applied employees and the company funded efforts by the Sunshine Social Welfare Foundation to provide burn rehabilitation services, including physical and occupational therapy, as well as psychosocial support.

Applied also renewed its funding of Children Without Borders to support the long-term needs of victims from the March 2011 Japan earthquake and tsunami. The program's bus circulated among temporary housing areas providing children with a place to do their homework and play with friends after school.

## Employee Engagement

Applied facilitates and encourages global employee engagement through matching gifts, volunteer time grants and after-hours opportunities.

The company's annual food drive efforts around the world provide nutritional food to those in need. Applied's 2015 North America Food Drive broke its previous record, raising \$1.6 million for U.S. food banks. In India, the company held its fourth annual Food Drive, donating more than \$33,000 USD for at-risk populations. Applied Materials Singapore raised over \$34,000 USD for its Food From the Heart project, benefiting over 3,800 low-income individuals.

2015 also marked 20 years of annual fundraising for the Dublin Simon Community by Applied Materials Ireland. This year, the event raised approximately \$50,000 USD for housing refurbishment of 21 bedrooms and two apartments for the area's underserved and homeless.



# WORKPLACE

## IN THIS SECTION

- » [Training & Development](#)
- » [Diversity](#)
- » [Ethics](#)
- » [Safety](#)
- » [Human Rights](#)
- » [Public Policy](#)

Applied Materials' innovation begins with our people. By achieving great results together in an environment where employees do their best, the company succeeds.

This value is reflected in our culture of growth, diversity, safety and ethics focused on creating meaningful careers at the company. We foster personal and professional development opportunities for employees through Applied Global University, experiences, exposure and education. At the end of fiscal 2015, Applied's global workforce included approximately 14,000 regular employees (not including temporary employees or interns), spanning 81 locations in 18 countries.





At Applied Materials,  
we respect each  
individual, welcome  
diversity and embrace  
different perspectives  
as a key component  
of innovation.

## Training and Development

The table below reflects key data for the past three years on the company's workforce internal formal training hours. In addition, we support and encourage employees to develop their skills and knowledge in a variety of ways. These developmental opportunities include stretch, rotational and project assignments within the company, often on cross-functional teams. Applied employees also benefit from educational offerings at local universities, through professional membership associations and via access to an in-house technical library.

TRAINING & DEVELOPMENT	2013	2014	2015
Average hours of training per year per person by category: regular full-time employees (RFT) total (RFT, temps, contractors, interns)	<b>44 RFT</b> <b>32 Total</b>	<b>41.5 RFT</b> <b>28.5 Total</b>	<b>41 RFT</b> <b>30 Total</b>
Percentage of employees receiving regular performance and career development reviews <sup>1</sup>	<b>98</b>	<b>98</b>	<b>95</b>
<sup>1</sup> Every employee is encouraged to complete an annual performance evaluation. Following the performance evaluation, employees are also encouraged to set a development goal. In 2015, 63 percent of employees had a development goal in place.			

## Diversity

At Applied, we respect each individual, welcome diversity and embrace different perspectives as a key component of innovation. The company commits to workplace diversity through its policies, programs and initiatives. These include recruiting, community involvement, employee resource groups (ERG), and recognition programs events in Santa Clara, Austin, India and other global locations.

Our ERGs, for example, provide an open forum to express a dimension of diversity or shared interest and help strengthen the connection to local communities. Applied sponsors more than a dozen ERGs, including Hispanics in Partnership (HIP); the Black Employee Network; Young Professionals Network; and the Women's Professional Development Network (WPDN).

Some 2015 diversity program highlights included the 10<sup>th</sup> anniversary of the Santa Clara chapter of WPDN, annual Diversity Day celebrations in Santa Clara and Austin; and decade-long recognition on the list of Victory Media's "Top 100 Military Friendly Employers."



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Our EHS Management System aligns and integrates with our site business processes and incorporates formal risk assessments and mitigation practices, validated by routine internal audits of major sites and periodic third-party audits of our certified manufacturing sites.

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## Ethics

Applied's core values include responsibility, integrity, mutual trust and respect. These values are foundational to our success—they are a vital part of our culture and integral to the way we work with employees, customers, suppliers, competitors and the public.

To reinforce our commitment to ethics, in November 2015, Applied Materials held its annual Ethics Week, which included a variety of compliance communications from senior executives and interactive sessions in Santa Clara and Austin. The Ethics Week events focused on our commitment to conduct all aspects of business with integrity and honesty, speak up if we see or suspect something is wrong, and be open and honest at all times. Similar Ethics Week events will occur at all of Applied's major global locations in 2016.

In 2015, for the fourth consecutive year, Applied was named a World's Most Ethical Company® by the Ethisphere Institute, an independent center of research promoting best practices in corporate ethics and governance.

## Safety at Applied

Applied conducts its business operations in a manner that protects the health and safety of workers, customers and neighboring communities. We are committed to complying with or exceeding all relevant regulatory requirements.

Our Environmental, Health and Safety (EHS) Management System aligns and integrates with our site business processes and incorporates formal risk assessments and mitigation practices, validated by routine internal audits of major sites and periodic third-party audits of our certified manufacturing sites. The EHS Management System includes safety self-inspections, walkthroughs, safety review board meetings and committees, training and new chemical approvals, among other ongoing activities.

Applied Materials' manufacturing sites that are registered to Occupational Health and Safety Assessment Series (OHSAS) standard 18001 include: Austin, Texas and Santa Clara, California (New Product Integration site); Singapore; and Tainan, Taiwan. Applied's certification roadmap includes registration of five additional global



manufacturing sites: Kalispell, Montana; Gloucester, Massachusetts; Rehovot, Israel; and Alzenau and Heimstetten, Germany. All non-registered sites utilize the same elements of the EHS Management System to align with appropriate environmental, health and safety practices globally.

The table below details the company's safety performance metrics for the past three fiscal years. Worldwide safety results remained flat between 2014 to 2015. Additionally, the company had no environmental, safety or regulatory notices of violations or fines in fiscal 2015.

SAFETY PERFORMANCE <sup>1</sup>	2013	2014	2015
North America			
▶ Total case incidence rate (TCIR)	0.71	0.70	0.69
▶ 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)	0.47	0.38	0.46
▶ Number of work-related fatalities	0	0	0
Worldwide			
▶ TCIR	0.48	0.46	0.46
▶ 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)	0.33	0.26	0.32
▶ Number of work-related fatalities	0	0	0
▶ Number of office ergonomic evaluations performed	934	1,079	1,208
<sup>1</sup> Data is for each of the fiscal years.			



## Committed to Corporate Citizenship

We are honored to be consistently recognized for our achievements by many industry organizations and publications. Some 2015 highlights include:

- » *Corporate Responsibility Magazine's* annual list of 100 Best Corporate Citizens for 12 years
- » *FORTUNE* magazine's World's Most Admired Companies® for two decades, regularly ranking among the top 5 in the semiconductor industry
- » *Newsweek Magazine's* Top Greenest Companies in America since it began in 2009
- » *Victory Media's* Top 100 Military Friendly Employers® for 10 years running
- » *Computerworld's* Best Places to Work in IT for six years consecutively
- » Listing on first *Thomson Reuters' Top Bay Area Innovators*
- » Debut on *Silicon Valley Business Journal's* 2015 Top Healthiest Employers in the Greater Bay Area

2015 THOMSON REUTERS  
**TOP 100**  
BAY AREA INNOVATOR

**FORTUNE**  
WORLD'S MOST  
ADMIRABLE  
COMPANIES  
2016



## 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 includes 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	2013	2014	2015
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 responsible corporate citizen, Applied interacts with government officials, elected representatives and candidates, and provides information about the company, our business and stakeholders, including trade associations of which we are a member. This includes efforts through our Government Affairs group to shape public policy on certain issues that affect the company's business. In 2015, these issues included budget and appropriations, energy, immigration, natural resources, regulatory, and tax and trade issues. 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, New York State Joint Committee on Ethics, or Secretary of the Commonwealth of Massachusetts), 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 (principally executives) and directors, although the company pays its administrative expenses. Its activities are overseen by the AMPAC Board of Directors, consisting of Applied employees, including several company vice presidents. Applied's state contributions committee (consisting of the same individuals who serve on the AMPAC Board) oversees corporate political spending.

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. All contributions must be made for appropriate corporate purposes only, without regard for the private political preferences of executives. Neither Applied nor AMPAC makes contributions to so-called "super PACs" nor do they make political contributions outside the United States. Applied does occasionally make independent expenditures in support of or in opposition to issue campaigns where permitted, but did not do so in 2015.

POLITICAL CONTRIBUTIONS	2013	2014	2015 <sup>2</sup>
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by Applied Materials, Inc. <sup>1</sup>	\$12,500	\$6,500	\$0
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by AMPAC. <sup>1</sup>	\$56,000	\$68,000	\$70,000
<sup>1</sup> All contributions are made in the U.S. only.			
<sup>2</sup> Detailed 2015 contributions by Applied and AMPAC can be found as part of the 2015 Political Disclosure Report.			

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 [2015 Political Disclosure Report](#).

## 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 17, 2016, and Applied undertakes no obligation to update them.

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# APPENDIX

## RESOURCES AND REFERENCES

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

- » [2015 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](#)
- » [How We Do It \(A primer regarding our business, products, and industries we serve\)](#)
- » [ISO Certifications](#)
- » [2015 Political Disclosure Report](#)
- » [Press Releases](#)
- » [Organizational Profile](#)
- » [Transparency in Supply Chains Act](#)

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