



APPLIED MATERIALS

Corporate Social Responsibility Report 2018

Message from the CEO

Today, we are in the early stages of an exciting new era of technology. Artificial Intelligence and Big Data have the potential to transform entire industries, address some of the world’s biggest challenges and create trillions of dollars of economic value. At the foundation of these seismic changes is semiconductor technology. Realizing the full potential of A.I. and Big Data will require new types of computing at the edge and in the cloud and order-of-magnitude improvements in chip performance per watt.

At Applied Materials, we are focusing our resources and capabilities to address the grand challenges of the A.I. era, working with our customers to build a safer, more equitable and sustainable future. At the heart of Applied’s values is a commitment to operate with responsibility and integrity while making a positive contribution to our industry and the world around us. From R&D to our operations, supply chain to our interaction with the community, we are making investments and getting results. In 2018, we increased our use of renewable energy, published our first diversity report and set new goals to increase women’s representation in our workforce. We also launched “Generation Girl,” a new initiative to help all girls pursue their dreams and reach their potential.

Across the company we are committed to driving our environmental, social and governance programs forward. We invite you to learn more about our work in this year’s Corporate Social Responsibility Report.

Gary Dickerson

President and Chief Executive Officer

Vision Our Innovations **make possible** the technology shaping the future

Mission To lead the world with **materials engineering** solutions that enable customers to transform possibilities into reality



2018 Key Initiatives and Accomplishments

Environment, Health and Safety:

- Increased our global facilities’ and operations’ use of renewable energy from 18% to 31% as a percentage of overall energy used
- Improved our global diversion rate for non-hazardous waste by 6 points, for a total of 81%
- Set a goal to reduce our GHG emissions by 1% in 2019, using 2018 as a baseline

Diversity and Inclusion:

- Released our key diversity data for the first time
- 40% of Applied’s 2018 U.S. New College Graduate class were women, up from 36% in 2017
- Set a goal to increase women’s representation in the U.S. workforce to 21% by 2021

Community Giving:

- Donated \$10.9 million through corporate contributions and the Applied Materials Foundation
- Established “Generation Girl,” a new Foundation initiative to help all girls pursue their dreams and reach their potential, regardless of race or income level

Table of Contents

- 2** **Message from the CEO**
- 4** **About Applied Materials**
 - 6 Corporate Governance
 - 7 Stakeholder Engagement

- 8** **Sustainability**
 - 9 Environment, Health and Safety (EHS)
 - 17 Supply Chain

- 19** **People and Workplace**
 - 20 Training and Development
 - 22 Diversity and Inclusion
 - 28 Ethics and Compliance
 - 30 Human Rights

- 31** **Society**
 - 32 Community
 - 37 Public Policy

- 39** **Performance Indicators**

- 42** **Resources and References**
 - Legal Disclosure

About this Report

First issued in 2007, the Applied Materials Corporate Social Responsibility Report is the annual sustainability report for Applied Materials, Inc. and its subsidiaries (collectively referred to as “Applied Materials,” “Applied” or “the company”). We have not made any changes to our reporting methods for 2018. This report references the Global Reporting Initiative (GRI) Standard Reporting Guidelines at the Core level, and it is designed in all aspects to meet the needs of Applied’s stakeholders.

Except where indicated, the report reflects Applied’s global operations for fiscal year 2018, beginning October 30, 2017 and ending October 28, 2018. Applied’s global operational footprint fluctuates with business acquisitions and divestitures, as well as the occasional expansion, consolidation and relocation of its operations. In 2018, we opened three new offices but made no material acquisitions or changes to our operations. Additional details on the company’s operations and activities in specific areas are included in the Performance Indicators section at the end of this report.



\$17.3 billion
revenue



>12,500
patents



AMAT stock listing
on NASDAQ



>21,000 employees
93 locations in
17 countries



\$2.0 billion R&D
investment



Headquartered
in California's
Silicon Valley



\$10.9 million
in charitable
contributions

FY2018 COMPANY OVERVIEW

For fiscal year ended October 28, 2018

About Applied Materials

Leading the Way

Applied Materials is the leader in materials engineering solutions used to produce virtually every new chip and advanced display in the world. Our expertise in modifying materials at atomic levels and on an industrial scale enables customers to transform possibilities into reality. We are committed to being the innovation leader that pushes the boundaries of science, technology and engineering to solve the world's toughest materials engineering challenges.

Over the last 50 years, our innovations have fundamentally changed how the world works and the way people interact with each other through technology. With \$2 billion invested annually, and thirty percent of our team dedicated to research and development (R&D,) our investments outpace others' and set the industry standard.

We align who we are and what we stand for as a company with what matters to our employees and our communities. Our purpose drives everything we do. It is shaped by our values and reflected in our actions. From the well-being of our employees and their communities, to our sustainable business practices and corporate governance, we are focused on building a better future.

Applied Materials is dedicated to conducting our business in an environmentally and socially responsible way, taking action to protect the health and safety of workers, customers and neighboring communities. We are steadfast in attracting, developing and retaining a global workforce and respecting the local cultures of the regions where we do business.

At Applied Materials, our innovations make possible the technology shaping the future.

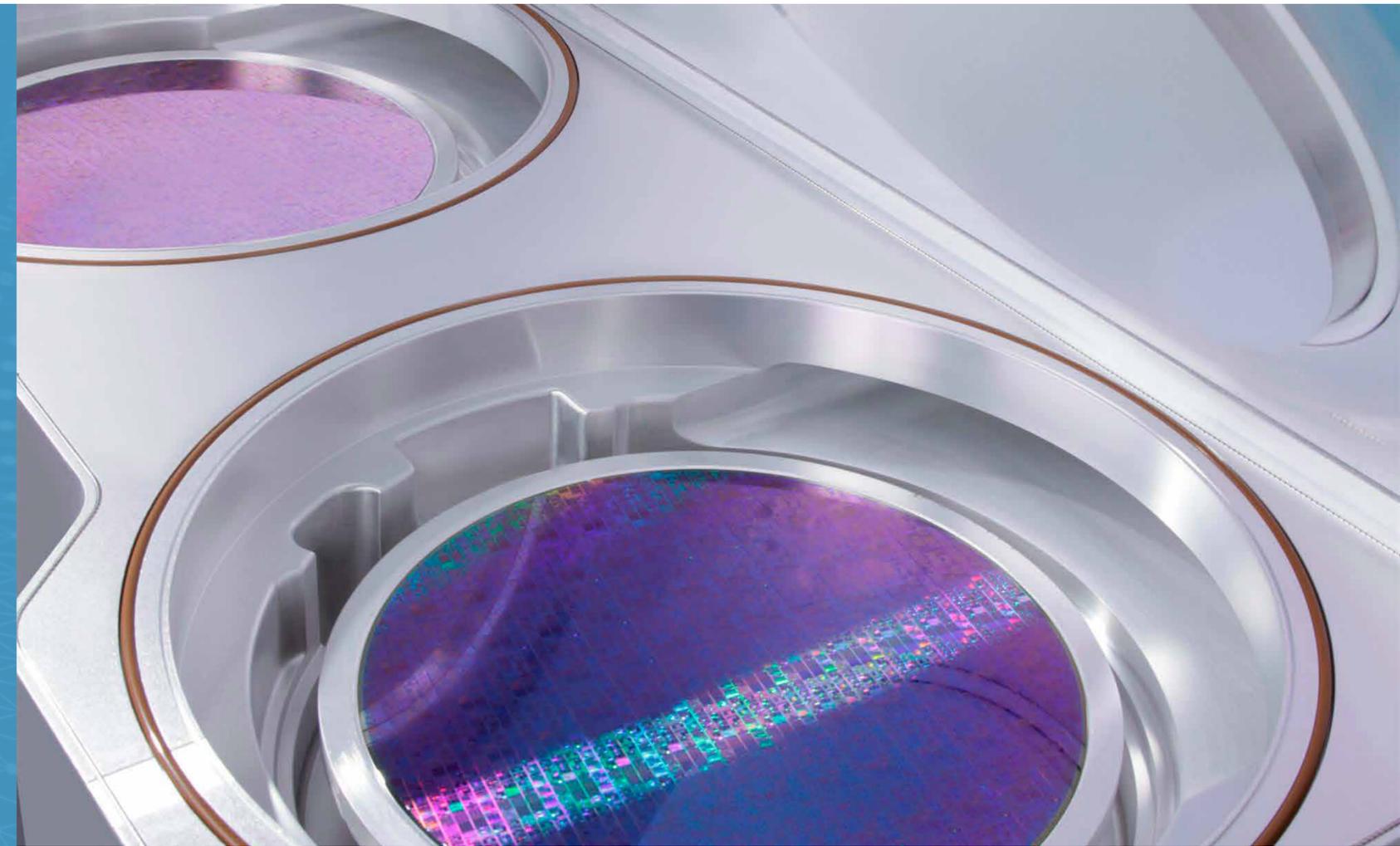


Consolidated financial statements for the company and a complete list of subsidiaries are set forth in our fiscal 2018 Form 10-K, available [online](#).

Recognition as a Responsible Corporate Citizen

Applied Materials is consistently recognized by a wide range of reputable organizations and publications for our achievements and contributions to the technology sector. Here is a selection of the corporate responsibility awards and positive recognition we received in 2018.

- » **Barron's**—the World's Best CEOs
- » **Computerworld**—100 Best Places to Work in IT
- » **Corporate Knights**—Global 100 Most Sustainable Corporations
- » **Ethisphere Institute**—World's Most Ethical Companies
- » **Forbes**—Top 100 Digital Companies
- » **Fortune**—World's Most Admired Companies
- » **Human Rights Campaign**—Corporate Equality Index
- » **Newsweek**—Top 500 Green Companies in America
- » **Thomson Reuters**—The Top 100 Global Technology Leaders



Our Technology and Innovation Leadership

In 2018, we achieved another significant milestone: the 20th anniversary of the Applied Producer® platform—the industry's first twin-chamber architecture with single-wafer processing capability and the shipment of the 5,000th system. Since the company launched the Producer platform on July 1, 1998, we have developed more than 20 Producer-family products spanning 10 technology nodes. Producer continues to be the industry's most flexible multi-generation platform used to manufacture virtually every kind of chip design made today.



Corporate Governance

We are committed to effective corporate governance that strengthens the accountability of the Board of Directors and management, and promotes the long-term interests of our shareholders.

Board Practices and Composition

The Board of Directors is composed of highly-engaged and qualified directors who have a wide variety of relevant skills, professional experience and background. They collectively bring to our Board diverse viewpoints and perspectives to provide independent oversight of company strategy, risk management and sustainability practices, among other matters.

Corporate Governance Guidelines

Our Corporate Governance Guidelines establish the governance framework within which the Board conducts its business and fulfills its responsibilities. The Board has delegated certain oversight functions to Board Committees, which meet regularly and report back to the Board. The scope and responsibilities of each Committee are documented in written charters approved by the Board. These guidelines and other governance materials are available on our [website](#).

Board Responsibilities and Risk Oversight

The Board of Directors, acting directly and through its committees, is responsible for the oversight of risk management across our business. Our management is responsible for identifying, assessing, mitigating and managing risks related to our strategies and objectives. We have implemented an ERM (Enterprise Risk Management) program—overseen by the Board's Audit Committee—that provides an enterprise-wide perspective on our risks.

Risks identified under the ERM program are reported to the full Board, which has oversight responsibility, with a focus on the most significant risks facing the company, including strategic, operational, financial, legal and compliance risks. Oversight responsibility for a particular risk may fall within an area of responsibility and expertise of one of the Board Committees.

The Audit Committee oversees financial, regulatory, and compliance risks as well as risks related to cybersecurity and EHS (Environmental, Health and Safety) matters, in addition to the ERM program. The Audit Committee regularly reviews risk-monitoring and mitigation efforts and findings with management, the head of internal audit and independent accountants, when appropriate.

The Corporate Governance and Nominating Committee oversees risks related to corporate governance matters, including director independence, Board member qualifications and Board composition, as well as the overall effectiveness, integrity and accountability of the Board.

In its consideration of potential director candidates, the Governance and Nominating Committee reviews the company's short- and long-term strategies and interests to determine the current and future skills and experiences the Board will need in exercising its risk management function. It also factors anticipated retirements into planning for the succession of directors—as well as Board and Committee Chairs—to maintain the requisite expertise for a Board of Directors that is best in class.

The Human Resources and Compensation Committee oversees risks associated with our organizational talent and culture, compensation policies and practices, and management succession. It reviews matters relating to human capital management, including corporate culture and diversity and inclusion initiatives. The Human Resources and Compensation Committee also reviews our programs that incentivize high performance and foster employee development and retention, as well as risks associated with those programs and policies.

Board Diversity

Our Board regularly evaluates Board composition to ensure that its members collectively have the necessary skills and experience to match our evolving business and strategic needs. Because diverse backgrounds, experiences and perspectives foster thoughtful and robust discussion and decision-making, our Board places great value on a diversity of backgrounds, skills and viewpoints, gender and ethnicity among the directors when considering potential director candidates and nominees, and as part of succession planning. Thirty percent of the directors on our Board are female or minorities.



Applied Materials Board of Directors

Stakeholder Engagement

Robust stakeholder engagement enables us to understand and respond to our shareholders' concerns and ideas on how we improve our support and strengthen our partnerships with them. We review, analyze and incorporate their feedback into our strategic business planning, processes and practices. We regularly engage with our primary stakeholders listed below and communicate through a variety of formats.

Employees

We directly engage our nearly 21,000 employees in 93 locations worldwide through meetings, surveys, training and initiatives, and provide an Ethics and Compliance hotline to communicate transparently, build trust and create a safe and valued workplace.

Customers

We maintain close contact with our global customers to understand their needs and expectations, and receive feedback regarding our business and products through ongoing meetings, technical events, trainings and other means. We also focus on creating energy efficient products to achieve customers' sustainability goals.

Suppliers

We regularly engage with our direct suppliers to encourage and monitor their sustainable business practices and responsible sourcing of materials used to make our products. We require our suppliers to comply with applicable laws (regarding use of child labor, human rights, safety, etc.), the Responsible Business Alliance Code of Conduct, our Standards of Business Conduct and industry standards.

Investors

We engage with and solicit feedback from investors on a wide range of issues, including our business performance, strategy, corporate governance, sustainability and human capital management practices through meetings, investor events and conference calls.

Communities

We support the communities in which we operate through contributions from the Applied Materials Foundation, community investment and outreach programs, and volunteerism.

Government and Industry Associations

We engage the U.S. and other governments, as well as various businesses and academic organizations where we operate. We stay abreast of emerging trends in regulatory and other political and legislative matters through meetings, the Applied Materials Political Action Committee, memberships and sponsorships.



A full description of Board and corporate governance practices is available in our [2019 Proxy Statement](#).

Sustainability

We are committed to protecting the health and safety of our workers, customers and neighboring communities. We are equally dedicated to employing environmentally and socially responsible business practices throughout our operations and supporting our customers in the reduction of their environmental footprints.

IN THIS SECTION

[Environmental, Health and Safety \(EHS\)](#)

[Supply Chain](#)

Environmental, Health and Safety

EHS Policy and Management Approach

At Applied, we are committed to protecting the health and safety of our workers, customers and neighboring communities.

We are equally dedicated to employing environmentally and socially responsible business practices throughout our operations and supporting our customers in the reduction of their environmental footprints. We encourage our suppliers to reduce the environmental impacts associated with their operations, leveraging our participation as a member of the Responsible Business Alliance (RBA).

Our Environmental, Health and Safety (EHS) organization is responsible for developing procedures and policies that enable our management team to maintain a safe and healthy workplace and reduce our operations' environmental impacts. The Head of EHS reports to the Board of Directors on a quarterly basis, and delivers a more in-depth environmental and sustainability update to the Audit Committee once a year.



Applied Materials EHS Policy

EHS implements programs, with management's support, based on five guiding principles that shape how we conduct business at Applied:

Ensuring Safe Work Environments

Establishing EHS policies and procedures, evaluating chemicals against stringent safety parameters and employing appropriate engineering controls when warranted

Maximizing Energy Efficiency and Reducing Greenhouse Gas Emissions

Reducing our impact on the environment by conserving energy throughout our operations and supporting renewable energy sources

Designing for the Environment

Designing safe, long-lasting, reusable or recyclable products to minimize the use of natural resources and allow our customers to create sustainable products

Reducing Waste

Reducing product and packaging waste through material minimization, reuse and recycling

Conserving Natural Resources

Minimizing our resource consumption by using recycled materials and process water

We strive to continuously improve our EHS programs, which are validated under ISO certifications and by other credible entities.

2018 EHS Highlights

We were able to make measurable progress toward our ongoing goal of minimizing the environmental impact of our operations, even with a jump in revenue of more than 15%. Here's how:



Global facilities' and operations' utilization of renewable energy increased from 18% to 31%



Recycling and reclamation processes for non-hazardous waste improved by 6 points, reaching a global diversion rate of 81%



Overall water consumption increased only 6% through our continuous efforts



Set a goal to reduce our GHG emissions by 1% in 2019, using 2018 as a baseline

Ensuring Safe Work Environments

We have established EHS policies to protect our employees, comply with or exceed all regulatory requirements, prevent pollution and show continuous improvement in the EHS performance of our operations, processes and products. All executives, managers and employees are expected to support and take responsibility for the implementation of these EHS policies.

At Applied, we care about the health and safety of our workforce, customers, suppliers and the communities in which we live. From our commitment to using the safest materials possible to inviting input from interested parties and stakeholders, we take EHS performance seriously.

EHS Staffing

We have an EHS staff deployed globally that supports all of our operations, including manufacturing, R&D, engineering, and at customer sites. The EHS department also manages product safety, with product safety engineers who are dedicated to supporting product development, release and the installed base.

EHS Management System

Our EHS Management System (EHSMS) is designed to integrate sound EHS performance across all business operations and locations to minimize potential environmental and safety risks. Our EHSMS incorporates formal risk assessments and mitigation practices that include safety self-inspections, walkthrough assessments, and a formal chemical evaluation and authorization process. The adequacy and effectiveness of these programs are assessed regularly through internal and external third-party audits of our certified manufacturing sites.

While most of the chemicals we use are limited to applications employed in our R&D functions, we do track product content to ensure we comply with [REACH](#), [RoHS](#) and other applicable regulations.

Safety Performance

Our global recordable injury rate was 0.52 in FY2018. While this number exceeded our target of 0.44, it was 50 percent below the industry rate of 1.1. We strive for continuous improvement in safety performance, which is why we have integrated key safety programs that align with our operations and minimize risks of injuries worldwide.

In 2018, Applied received no fines or notices of violations involving our safety programs, product operation, or health and safety performance worldwide.

Product Safety and Labeling

Our formal Product Environmental, Health and Safety (Product EHS) policies and programs ensure that our products are designed, labeled and tested for safe use by our customers. Products are subject to third-party safety assessments based on applicable industry and regulatory EHS standards.

Our products comply with applicable manufacturing and labeling requirements, including CE Marking ("Conformité Européene," or "European Conformity" marking) for products sold within the European Union.

Maximizing Energy Efficiency and Reducing Greenhouse Gas Emissions

Climate change affects us all. At Applied Materials, we recognize that addressing climate change requires building a resilient supply chain and business, as well as taking local, regional and international action to reduce greenhouse gas (GHG) emissions.

We are proud of our efforts to reduce GHG emissions in our operations and to help our customers minimize their impacts by providing the most resource efficient products and services possible. Below are the elements of our climate change management approach:

- Implementing energy conservation measures across our facilities
- Conducting energy audits and monitoring energy consumption
- Purchasing renewable energy and developing self-generation capacity (e.g. photovoltaic energy)
- Enhancing our product offerings to enable customers to reduce their GHG emissions
- Encouraging and enabling employees and business partners to reduce GHG emissions associated with their jobs and commutes
- Tracking and publicly disclosing our efforts and Scope 1 (direct emissions), Scope 2 (electricity consumption) and Scope 3 (other relevant indirect emissions—air travel) GHG emissions annually through Carbon Disclosure Project reporting
- Advocating for local, national and international policies that help reduce GHGs

Energy Conservation

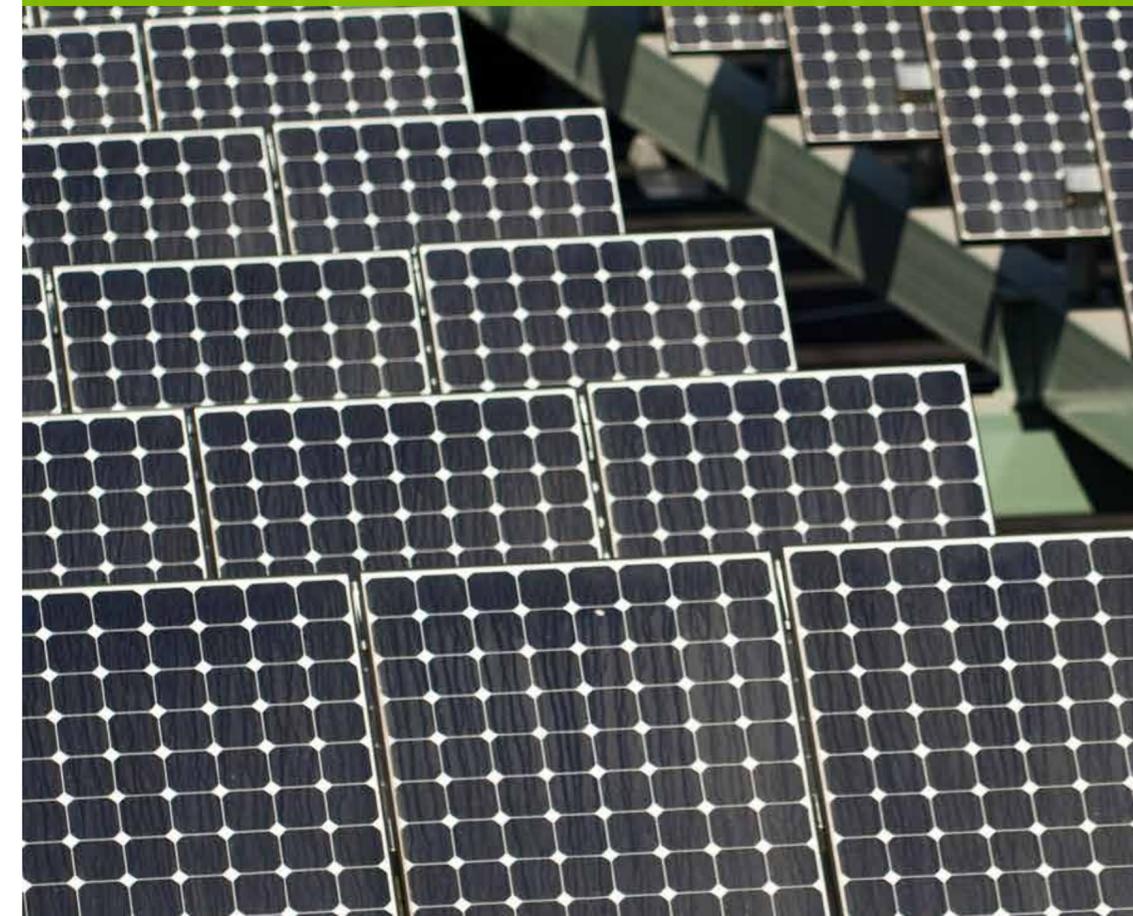
We achieved a record year in 2018, marked by more than 15 percent revenue growth. Throughout the year we successfully controlled our overall energy consumption, increasing usage by approximately 10 percent compared to 2017 levels. We accomplished this through a variety of efforts, including routine monitoring of our energy use by our energy manager, conducting energy audits, optimizing the temperature of water used in our operations, and making sure that any new equipment was as energy efficient as possible.

Renewable Energy

As an integral part of our clean energy initiatives, we are minimizing our carbon footprint through onsite renewable energy production. Our solar panel arrays at our facilities located in Sunnyvale, California; Singapore; Xi'an, China; and Austin, Texas generated a total of 3.4 GWh (Gigawatt hours). Green energy purchases met 100 percent of the power demand for our two Santa Clara, California campuses, and our conversion to Silicon Valley Clean Energy allowed for our use of 99.99 percent CO₂e-free power and 50 percent renewable power at our large R&D center in Sunnyvale. As a result of these efforts, our global facilities' and operations' utilization of renewable energy increased from 18 percent to 31 percent.

In 2018, we set a goal to reduce our GHG emissions by one percent in 2019, using 2018 as a baseline. We expect to report on the GHG reduction in the 2019 report.

Our onsite green power generation produced 3.5 Gigawatt hours—equivalent to the energy needed to power 2.3 million homes per year



Continuing our legacy of good environmental stewardship, Applied Materials received no environmental fines or sanctions in 2018

GHG Efficient Products

Applied offers emissions measurement systems, pollution abatement equipment and clean tech consulting services to help our customers reduce their GHG emissions.

While the electronics manufacturers industry (including semiconductor) is a minor producer of GHG emissions, contributing less than 0.2 percent of the total GHG emissions in the U.S., we are committed to reducing the GHG emissions produced by our operations and those of our customers. To this end, we continuously seek to identify and pursue opportunities to improve our products. When we succeed, we help our customers lower the temperature and quantity of water they use as well as reduce other forms of energy demand in their operations and product use. The Applied iSystem controller is one example of how our products can help minimize our customers' energy and resource consumption in their semiconductor manufacturing.



Applied iSystem controller

Advantages of Integrated SubFab Components

In today's semiconductor fab, the focus on saving energy and resources has shifted from facility operations to the subfab, which contains support equipment (pumps, abatement systems, etc.) that can consume more energy than any other fab equipment component. To reduce energy consumption and conserve natural resources, we offer the Applied iSystem controller, which incorporates a hot standby idle mode in subfab control systems. The Applied iSystem is the industry's only subfab solution that optimizes subfab resource consumption without the added risk to process or throughput. While monitoring tool operation, the Applied iSystem controller collects valuable data that can be used to generate resource consumption and GHG emissions reports, among other environmental factors. More than 3,000 pieces of subfab equipment in customer fabs are connected to the Applied iSystem and predecessor control systems, thereby supporting customer sustainability initiatives.

A new predictive control technology—a sleep mode—based on SEMI¹ standard E175 requirements was developed in FY18. Internal studies have shown that, in practice, sleep mode could double the energy and resource savings available with idle mode. More information about Applied iSystem is available on our [website](#).

¹ The [SEMI International Standards Program](#) is one of the key services offered by Semiconductor Equipment and Materials International (SEMI). The program operates as a neutral forum for the exchange of information among suppliers and users, resulting in the production of timely and technically accurate specifications and other standards of economic importance to the industry.

Employee Eco Programs

To complement our efforts to reduce Applied's operational GHG emissions, we offer carpools, ride-matching, vanpool and other programs and services to help our employees reduce their personal GHG emissions in California, Texas, Massachusetts and Montana. Similar programs are routinely being assessed for implementation at other locations.

WORLDWIDE	<p>On-campus, app based gas delivery through Booster (Silicon Valley)</p>	<p>The option of a subsidized, roundtrip, door-to-door carpool</p>	<p>Public and alternative transportation incentives</p>
	<p>Electric vehicle (EV) charging stations at our campuses</p>	<p>Preferred parking for carpool and hybrid/electric vehicles</p>	<p>Bike to Work Days: Employees leave their cars at home and instead, bike to work.</p>
	<p>Nearly 500 employees telecommuting in our Applied Anywhere Program</p>	<p>18 Telepresence capability for virtual meetings across the company</p>	<p>Reducing business travel to lower Scope 3 GHG emissions</p>
NORTH AMERICA			
CALIFORNIA			

Tracking and Reporting GHG Emissions

Since 2006, we have participated in the Carbon Disclosure Project (CDP), through which we report our carbon risks and emissions annually. Our disclosures are available on the [CDP website](#).

In 2018, our overall GHG emissions increased approximately 9 percent—below the rate of increase in our business volumes, manufacturing and employee growth. Scope 1 and 2 emissions decreased approximately 0.2 percent compared to 2017 levels. Our Scope 3 emissions (indirect releases) increased in 2018 compared to 2017 due to air travel necessary to support rapid business growth in Asian markets. Our GHG emissions data is available in the Performance Indicators section of this report.

Designing for the Environment and Sustainable Products

We create durable, long-lasting products that can be refurbished or recycled, minimizing the use of natural resources and enabling our customers to create sustainable products. In addition, we partner with our customers to identify and pursue opportunities to lower the impact of our products through energy or water consumption optimization as well as smart control of the water temperature and flow that their operations require.

Over the last several years, our Eco-Efficiency Center of Excellence team and all of our business units have concentrated on improving the energy efficiency of our products. Their efforts have helped our customers achieve their energy efficiency goals. Here are a few examples of product features that came out of our team’s effort to help key customers to reduce energy consumption:



Sharing one heat exchanger per system reduces heat exchanger energy consumption and consumables by two thirds per system



Next generation cryo pumps eliminate one compressor and reduce up to 40 percent of their power consumption over the previous model



Available on multiple products, our energy efficient iPUP2 system (an integrated point-of-use pump) can save over 7,000 kWh (kilowatt hours) per year per system. Optimized design reduces tool exhaust requirements and lowers tool energy consumption



Installed Applied iSystem controllers help to reduce pump and abatement energy consumption during both idle and sleep mode



We partner with SEMI to advocate on industry-related concerns or issues, including reductions in the use of perfluorocarbons (“PFCs”), chemicals that have a high impact on climate change

We have a variety of projects in the pipeline, which will expand our sustainable product solution offerings even further

Waste Management

Our offices, campuses and manufacturing facilities around the world continually update their recycling programs to decrease non-hazardous waste generation and increase diversion rates. We manage waste in the following ways:

- **Source separation** by providing appropriately-marked containers for employees to separate recyclable materials
- **Composting options** for food waste and offering compostable service wares
- **Reducing paper waste** by implementing print on demand and encouraging the use of online documentation
- **Packaging re-designs** to reduce the overall packaging content for shipping spare parts and products
- **Reusing or repurposing materials** identified to have continued life or valuable use elsewhere in the business
- **Capturing wood waste for recycling** when crating materials are no longer useable
- **Collection and recycling** of the various metal and electronic waste streams

We supplement these programs with an ongoing effort to move to reusable and recyclable packaging whenever possible. These recycling programs improved our waste diversion rate from 75 percent in 2017 to 81 percent in 2018. The overall volume of material destined for landfill decreased by more than two tons in 2018, a result of continual efforts to reduce non-recyclable landfill-bound wastes, as previously discussed. By integrating the reduction, reuse or recycling of materials into the operational cadence of our locations, continuing to work with our employees and manufacturing partners, and encouraging manufacturing locations to establish individual waste management targets, we reduced our solid waste. As a stakeholder within the communities in which Applied operates, we recognize that managing our waste is not only good for the environment, it also makes sound business sense.

Focus on Reuse or Recycling

In response to employee interest and to help raise awareness of sustainability practices, we facilitated the collection, recycling and reuse of materials in 2018—all in partnership with local community organizations. Our Diagnostics and Control group in Israel re-purposed gently-used toys and clothes to support nonprofit agencies. Our team in Malta, New York expanded their waste diversion efforts to include an electronics recycling drive as well as a bottle and can collection to benefit a youth service organization.

During Applied's annual EarthWorks environmental campaign, Santa Clara employees teamed up with an arts-education nonprofit to learn about the impact of plastic on the oceans while creating art from recycled objects. Employees in Israel welcomed the addition of more than 100 new recycling containers—including units dedicated to electronics recycling—to their facilities.

As a corporation and through the initiative of passionate employees, we are committed to continuing our focus on reuse and recycling.



↓ **48%**

Landfill (non-hazardous)

↑ **81%**

Diversion rate up 6 points

Conserving Natural Resources

Product Packaging

Our products require proper protection during transport because they are sensitive to environmental elements, improper handling and contact with chemicals. Despite these challenges, we are committed to shipping sustainably. Applied created a packaging technology team and hired an external packaging expert to improve our product packaging by using more sustainable and recyclable materials and reducing the amount of the materials through the use of specially engineered boxes, crates, shipping containers and transport carriers. Packaging that has exhausted its usefulness is recycled through qualified local vendors. In 2018, packaging materials accounted for roughly 70 percent of our total recyclables. Here are some of the achievements we have made to date:

- Prohibited and phased out the use of the following materials:
 - » Bleached corrugated—must use Kraft (brown unbleached)
 - » EPS (expanded poly styrene—Styrofoam)
 - » Foam-in-place (Instapack)
- Designated heat treatment as the only option for treating wood to meet international requirements—Applied does not allow methyl bromide fumigation
- Implemented a reusable transit case program for many repairable parts and especially those that are in contract with customers
- Developed a reuse/recycle/refurbish program for wooden crates
- Used a global crating supplier that is fully solar-powered
- Undertook a dynamic measurement study to understand what hazards our tools and parts experience throughout shipping to optimize the protective packaging system



Our Texas water reclamation project has recycled 5.7M gallons of water—equivalent to 8.6 Olympic-size swimming pools

Water

Water is an essential natural resource, and its use should be managed responsibly. Although our operations are not particularly water-intensive, we recycle water whenever possible and help our customers do the same.

Applied obtains most of its water from municipal water company providers, with the exception of our Kalispell, Montana site, which supplements its water needs using an on-site well. Our remaining facilities do not directly withdraw water from sources such as wells, lakes or rivers. No native water sources are affected by withdrawal of water reclamation processes or drainage.

In 2018, we were able to hold the overall increase in water consumption to only 6 percent through water conservation and recycling efforts. These efforts included:

- Reclaiming 5.7M gallons of water at our Austin, Texas facility through our industrial waste neutralization and deionized (DI) water recycling systems
- Implementing water efficiency projects, tool software changes (that reduce water flows during idle processing time), lab consolidation and drought tolerant landscaping at our campuses in Sunnyvale, California
- Recycling and reusing process water, blowdown from chillers and other water used in our manufacturing and laboratory operations—for chilling or removing waste heat from various processes—wherever possible
- Continuing smart irrigation controls and reduced watering days at our Austin, Texas campus, resulting in an 80 percent reduction of annual irrigation from peak usage in 2012

We recognize our role in conserving the quality of the bodies of water from which municipalities source water and into which they may eventually discharge treated waste water. Our water usage and discharges at our facilities are carefully monitored to confirm that they comply with local laws and regulations. Responsible water use includes effective waste water management. In 2018, no sites were cited for being out of compliance with water management regulations.



Eliminating Single-Use Packaging

As part of our repair service, Applied parts travel to and from over 20 customers in Taiwan, China, Singapore, Japan and Korea. In the past, we would have used single-use packages to transport individual parts to warehouses and cleaning vendors for servicing or repair.

In 2018, we introduced 200 reusable packaging designs that can carry up to six parts each, replacing over 1,000 different single-use designs.

Each design can make between 30 and 50 trips and completely eliminate the need for single-use secondary packaging.

Updated ISO/OHSAS Certifications

We continue to recertify our operations to International Organization for Standardization (ISO) 14001:2015 standard for environmental management systems, and to the Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 standard for safety management systems. These two systems make up Applied's environmental, health and safety management system (EHSMS). Through our EHSMS, each one of our sites remains aligned with the EHS practices of our formally certified locations.

In 2018, our Gloucester, Massachusetts and Kalispell, Montana manufacturing sites joined Applied's growing list of ISO/OHSAS certified facilities. Our future certifications roadmap includes registration of a newly-built manufacturing facility located in Taiwan and South Korea and expanding the OHSAS certifications to Italy and Taiwan.

More information on our ISO/OHSAS Certifications is available through our [website](#).



Gloucester, Massachusetts Facility



Kalispell, Montana Facility

Country	Facility Location	ISO 14001:2015 Manufacturing Sites	OHSAS 18001 Manufacturing Sites
U.S.	Austin, Texas	✓	✓
	Santa Clara, California (New product integration)	✓	✓
	Gloucester, Massachusetts	✓ 2018	✓ 2018
	Kalispell, Montana	✓	✓ 2018
Germany	Alzenau	✓	✓
	Heimstetten	✓	✓
Israel	Rehovot	✓	✓
Singapore	Singapore	✓	✓
South Korea	Pyeongtaek, Gyeonggi-do	✓	2019
Italy	Treviso	✓	2020
Taiwan	Tainan	✓	2020

Supply Chain

Applied's products are complex in nature and may consist of thousands of parts sourced from a multitude of suppliers. Despite the challenges this complexity creates, we are committed to sourcing the materials we use to make our products from suppliers who employ principled business practices and are committed to responsible supply chains.

The Global Supply Chain Organization (GSC) manages supplier relationships, develops supply chain capability and requires our suppliers to operate in an ethical, responsible and legal manner.

Ensuring Ethical Conduct and Legal Compliance

Applied has suppliers in common with other members of our industry. To ease the burden placed on suppliers as well as to set consistent expectations, we require the top 80 percent of our direct suppliers (by spend) to adhere to industry-wide doctrines and initiatives. These include the [RBA](#) (Responsible Business Alliance) Code of Conduct, [SEMI guidelines](#) and Applied's [Standards of Business Conduct \(SBC\)](#), a global code that reflects our organizational values and our focus on ethical practices. These requirements are incorporated into our Global Supplier Agreement, which sets forth the contractual requirements to which our strategic suppliers must adhere.

Our top suppliers by spend must also complete yearly self-assessments to measure their compliance with the RBA Code of Conduct. The self-assessments are managed by a third party who evaluates each supplier's response for completeness and works with Applied's team to identify any high-risk suppliers. As an RBA member, Applied is required to select 25 percent of the suppliers identified as high-risk to undergo an audit (or provide a current audit report) through RBA's Validated Assessment Program (VAP). A typical VAP audit is conducted on site by independent auditors and includes a thorough document review, interviews with management and employees, and a visual site survey over the course of two to five days.

If any issues of non-compliance are identified during the audit, the supplier is expected to implement an appropriate corrective action plan. A supplier who has undergone an audit in the past three years, in conformance with RBA's audit program, would not be required to undergo such an audit.

Applied requires that all of our suppliers observe applicable laws and regulations wherever they operate.

Prohibiting Child, Forced and Bonded Labor

Applied is unequivocally opposed to slavery and human trafficking. We prohibit the use of child labor and forced, bonded, or indentured labor practices in our operations and supply chains. This prohibition is included in the RBA Code of Conduct and our SBC as well as in our Human Resources Policy.

In 2018, Applied's operations and the operations of our suppliers were deemed low risk for the use of child labor or forced and bonded labor.



More information about our Standards of Business Conduct is available in the [Ethics and Compliance](#) section of this report.

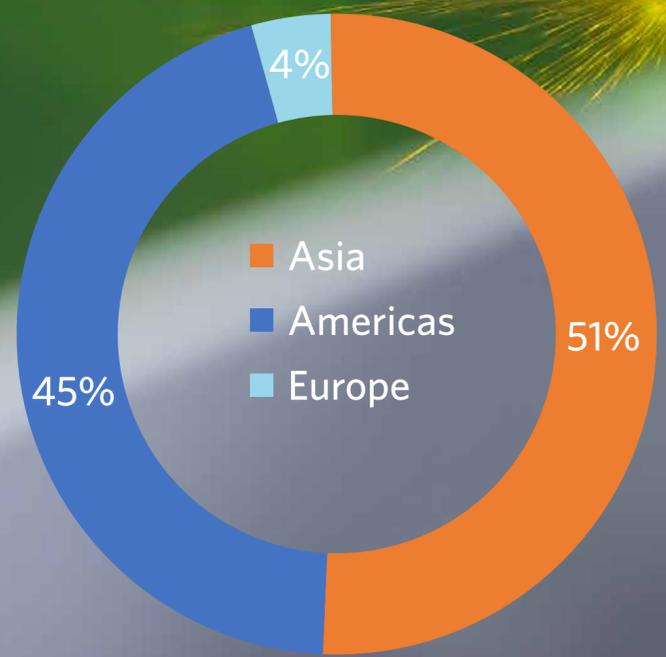
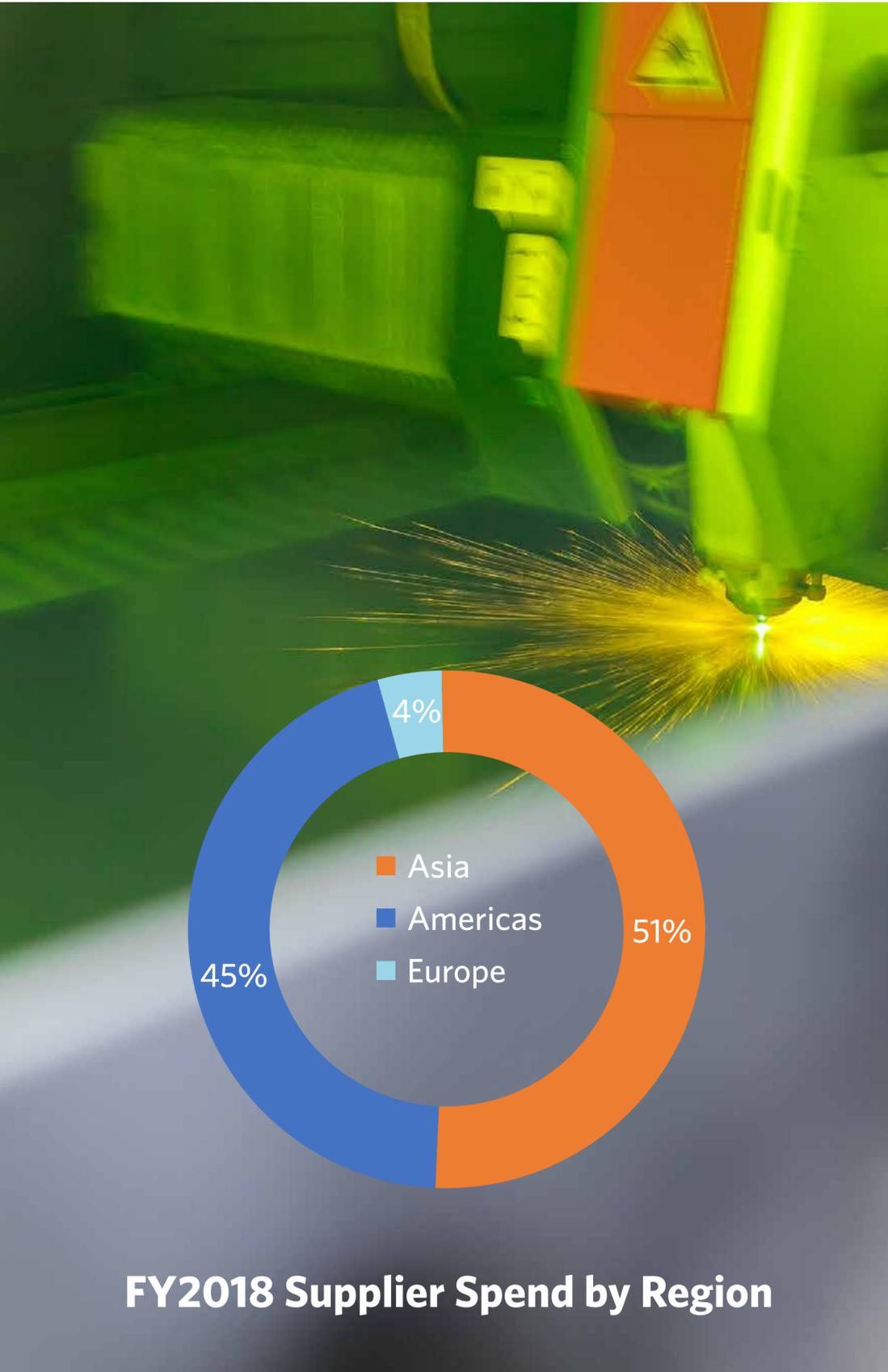
Partnering with a Customer— A Deep Dive to Assess Forced Labor and Bonded Labor

We are committed to collaborating with our suppliers and customers to enhance environmental, social and governance (ESG) programs within our supply chain and to heighten business processes and sustainability practices. As an example, we have been working with one of our customers to conduct a multi-step assessment of Forced Labor and Bonded Labor (FLBL) risks in the supply chain. This FLBL project dives deeply into the supply chains of three of our Asia-based suppliers to assess their foreign or migrant worker hiring practices by taking the following steps:

- Performing a complete evaluation of each supplier's policies and procedures around hiring foreign or migrant workers
- Mapping the journeys of the foreign or migrant workers
- Assessing any hiring practice risks revealed by the mapped journeys
- Evaluating the development and execution of a corrective action plan to address any and all gaps identified in the previous steps of the project, as appropriate

In addition to the ongoing assessment, the project team will also provide structured, clear training to the relevant hiring agents on the expectations of the RBA Code of Conduct.

We expect to complete the project by 2020.



FY2018 Supplier Spend by Region

Conflict Minerals

Our products and some of their related spare parts contain tin, tantalum, tungsten or gold—commonly referred to as “conflict minerals.”

Although we neither directly purchase these minerals nor have any direct relationship with mines, smelters or refiners that process these minerals, we actively support the efforts of the Responsible Minerals Initiative (RMI) and have since its inception. The RMI is an industry-wide effort to understand and determine how best to mitigate the complex issue of conflict minerals.

We support the RMI’s program by conducting due diligence of our suppliers and reasonable inquiries into country of origin for their materials that align with guidelines established by the Organization for Economic Co-operation and Development (OECD) and the RBA. Specifically, we require the top 80 percent of our direct suppliers by spend to complete the Conflict Minerals Reporting Template, a tool developed by RMI to help disclose information about conflict minerals in a supplier’s products, including names and locations of smelters or refiners found to process conflict minerals. Applied compares any identified smelters and refiners against a list of smelters that conform to or are active in RMI’s Responsible Minerals Assurance Process, which uses independent third-party audits to identify smelters with systems in place to ensure they procure responsibly sourced minerals.

More information on our conflict minerals due diligence program is available through our [website](#) and in our most recent [Conflict Minerals Report](#), which was filed with the U.S. Securities and Exchange Commission on May 29, 2019.

It’s worth noting that more recently, cobalt has been linked to the use of child labor and other human rights abuses. Since cobalt is not commonly used to produce our products, we have not integrated cobalt into our conflict minerals due diligence program.

Supplier Diversity

We value global diversity throughout our organization and supply chain. Applied is committed to selecting diverse suppliers whose products and services meet our high standards and enable us to meet customer requirements. In 2017, we established a Supplier Diversity program to enhance the role diversity plays in our supplier selection process. In 2018, we expanded the program to other geographic areas where we operate within the U.S., extending our ability to actively support suppliers at a local level through our Supplier Diversity initiatives.

For example, we engaged with government in Austin, Texas and Albany, New York to connect our supplier diversity initiatives with their economic development efforts. We also shared our experience in panel discussions with industry leaders at the SEMICON West 2018 conference, to help develop industry-wide standards for supplier diversity.

The Supplier Diversity program is currently focused on U.S. suppliers, but we plan to expand our program globally.



People and Workplace

Our commitment to innovation begins with our commitment to creating an environment in which our employees can do their best work. Our people succeed because they keep current with new technologies and skill sets. We believe in attracting, developing and retaining a world-class global workforce. We invest in our employees by providing quality training and educational opportunities; promoting diversity and inclusion; and upholding a high standard of ethics and respect for human rights.

IN THIS SECTION

[Training and Development](#)

[Diversity and Inclusion](#)

[Ethics and Compliance](#)

[Human Rights](#)



Training and Development

We foster personal and professional development for our workforce through a vast array of onsite resources and online platforms that help employees advance and manage every stage of their careers.

We achieve our employee development goals by providing multi-faceted training and certification programs through our Applied Global University (AGU). AGU offers a broad range of educational opportunities to all personnel worldwide, including business, technical and employee development courses in a variety of languages and formats. Our employees can earn competency certifications and receive technical training in areas such as engineering, career planning, safety and product development.

Applied Materials Places the Highest Priority on Safety

We have developed a robust certification process to train both Customer Engineers, who maintain and repair customer equipment in their cleanrooms, and Manufacturing Technicians and Engineers, who build and assemble our equipment prior to shipment. These procedures require extremely safe work environments and highly knowledgeable and skilled employees. In addition, we periodically assess technical and functional competencies for key jobs (Engineering and Operations, for example) and develop training activities to make sure that requisite employees maintain their Numbers. Learn more about our safety performance in the Environment section of this report.



In 2018, 99 percent of our employees received regular performance and career planning reviews

Career Development, Compliance Training and Growth Opportunities

Managers and employees meet quarterly to check in on and facilitate career planning.

While some employees take AGU courses voluntarily for personal or career development, compliance training is mandatory for our workforce. Topics include health and safety, standards of business conduct, ethics and intellectual property protection. This training must be completed within certain time frames and renewed every two to three years, depending on the course requirements. Content is updated annually to ensure accuracy, business relevance and legal compliance.

Beyond AGU, we support employees in continuing their formal education by providing a tuition-assistance program and offering specialized courses through partnerships with a variety of universities and professional organizations.

Training in 2018

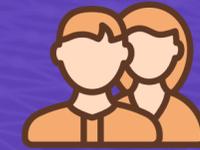
In 2018 our full-time employees completed an average of 63 hours, and our workforce as a whole (including full-time, temporary workers, contractors and interns) completed an average of 46 hours of training per person. These numbers show an increase of 16 and 13 percent, respectively, over hours trained in 2017.

In addition, 377 employees used Applied's Tuition Assistance Program for a degree program in the U.S.

Training in 2018 by the numbers



Applied
Global
University



Total training—**1,314,861 hours**



Average training hours per person—**63 hours**



Total number of unique employees who have taken one or more AGU courses—**20,930**

Engineering and Technology Programs

Semiconductor technologies change at lightning speed. Our workforce has access to diverse technical programs, forums, conferences and lectures to stay abreast of new and emerging products, processes and technologies. These programs prepare our teams to anticipate and meet the fast-paced technological advances our products require. Here are a few examples of our engineering and technology programs:

Engineering and Technology (ET) Conference

At our 32nd ET Conference, nearly 900 of our top technologists and engineers from around the world gathered in Las Vegas, Nevada in February 2018. A record 1,900 abstracts were submitted, and more than 450 employees were carefully selected by the committee to present their ideas in poster sessions and oral presentations. The presenters included many first-time attendees and young professionals. These innovators are expanding the definition of who we are and contributing to the future we will shape.

The CTO Guest Lecture Series

Our Office of the Chief Technology Officer (CTO) invites experts from across the industry, academia and government R&D institutions to host guest lectures on emerging technologies related to materials science and engineering topics at our Santa Clara campus. Each lecture is made available online for employees who cannot attend in person.

appliedx

Established in 2015, our appliedx digital learning lab helps employees develop the skills they need to increase the rate of product development. By providing a seamless, integrated approach to advancing learning, appliedx aims to enrich the depth and range of our employees' learning experience based on their role within Applied.



appliedx Pathway is the most recent addition to the appliedx platform. Partnering with AGU, appliedx Pathway empowers learners to take control of their professional development by offering a growing catalog of courses that presents our people with the opportunity to set goals and approach how best to achieve them in a self-directed way.

Strengthening Applied's University Relations

Applied has enjoyed mutually beneficial relationships with many of the world's top engineering universities for decades. We provide funding to university faculty and labs, engage in collaborative research and continually recruit top talent from academia to strengthen our workforce. We recognize that university engagements are critical for maximizing competitiveness in today's global knowledge economy. In 2018, we worked to strengthen relationships with ten universities that are internationally renowned for their technology programs, deepening our collaborations and strengthening our workforce's connection to cutting-edge research as it happens.

California Institute of Technology (Caltech) Systems Engineering Certification Course

Through an educational partnership with Caltech, our engineers have the opportunity to earn a Caltech Systems Engineering (SE) certificate through appliedx—via desktop or mobile—anytime, anywhere. The 26-week course is a customized program specifically designed around the evolving needs of our business, technologies and industry nomenclature, with the goal of promoting interdisciplinary knowledge throughout the product lifecycle. In 2018, 76 employees graduated from the second class of the program in Santa Clara, California, and now possess the latest knowledge on systems engineering.

The SE certificate program received the most professional interest from our employee survey in 2018. As a result, we have increased our sponsorship and are planning to offer choice projects and growth opportunities to employees who have completed the program. Due to the success of our collaboration with Caltech, we have partnered with Massachusetts Institute of Technology (MIT) to offer a complementary certificate program.

Testimonies from Employee Graduates of the Caltech SE Certificate Program

"As a Global Product Support engineer, I interact with our engineering teams and our customers. Through the course, I gained a more holistic perspective of the products that I'm working on. Being able to think at the system level enables me to resolve customer issues faster and better. If all employees apply systems thinking we will be a more efficient company as a whole."

Anahita Yazdi

"One of my colleagues graduated in the first class and recommended I take it. The course provides an interdisciplinary approach to solving complex problems using various models, charts, scorecards and templates. I learned to shift my perspective and now feel more empowered to tackle and solve future complex problems by applying systems thinking in whatever aspect my team and I are involved with."

Vaibhav Soni

Message From Our New HR Leader



Achieving our company's vision, to make possible the technology shaping the future through our innovations, requires the full engagement of our 21,000 talented employees around the world.

Make possible. These two words also inspire our Culture of Inclusion to make possible an environment where all of our global team members can contribute and do their best work.

Valuing Differences

We value great talent and diverse perspectives, knowing our differences can be our greatest strength as a global leader. Our team spans 19 countries, reflecting various cultures, backgrounds, ages, genders and ethnicities that come together to form a rich tapestry of talent and contributions.

We also believe that our culture and workplace experiences matter, so that all individuals feel respected and empowered to reach their full potential at Applied, and so that everyone has a fair and equal opportunity for development, and advancement, and to make a difference.

Embracing a Culture of Inclusion

Our commitment to our Culture of Inclusion journey will broaden the diversity of our workplace and help us build a culture that benefits everyone... our people, our customers and our stakeholders.

This commitment includes an intentional focus on making inclusion personal for leaders, helping them be champions for change to strengthen inclusion measures, embed best practices, establish accountability and ultimately realize our vision for an inclusive culture.

Our strategies also include outreach to encourage tomorrow's technology leaders, hiring initiatives to engage women and underrepresented groups, and workplace programs to support all individuals through professional development opportunities and Employee Resource Groups.

And while we're making great progress through a comprehensive strategy that builds on our strengths and continues to push for greater inclusion and engagement at Applied, we'll continue to strive to do more.

Susan Schmitt
Group Vice President, Human Resources

Diversity and Inclusion

Goals and Strategies

In 2017 we set the following goals to prioritize and measure our effectiveness at promoting diversity, inclusion and engagement across our global organization:

- Increase women's representation globally
- Increase women's representation to 21 percent in the U.S. workforce by 2021
- Increase underrepresented minorities' representation in our U.S. workforce
- Demonstrate improvement in the inclusion measurement on our Organizational Health Index survey of employees

Our strategy to achieve these goals and to create a culture of inclusion and authentic engagement for everyone consists of:

Engaging employees in an inclusive work environment by:

- Making inclusion personal for leaders
- Identifying specific actions that foster a more inclusive work environment and encourage employees to share their ideas
- Measuring inclusion and engagement in our annual employee survey

Eliminating systemic barriers in our employee lifecycle by:

- Identifying systemic barriers in our programs and processes
- Breaking down systemic barriers in our programs and processes
- Examining and refreshing benefits programs and HR policies

Expanding the diversity of our workforce by:

- Identifying new selection strategies
- Developing employee retention strategies
- Tracking progress by using qualitative and quantitative metrics



Engaging Diverse Talent of the Future

As the leader in materials engineering solutions, we thrive on innovation and are purposeful in encouraging the young minds who will create the future. We participate in events that empower, mentor and inspire youth from all communities and backgrounds during the critical years of early education to focus on STEM initiatives.

Outreach Programs

Working with nonprofit organizations provides many opportunities to connect with and support diverse students. We value our partnership with Girlstart, an innovator in creating STEM (Science, Technology, Engineering and Math) education programs that inspire girls to transform our world, and Techbridge Girls, dedicated to empowering girls from low-income communities through high quality STEM programming.

We also work with the National Society of Black Engineers' (NSBE) FreshStart Program in Austin, Texas, to help 6th-12th graders and their parents better understand STEM career opportunities. Other organizations we support include the Society of Mexican American Engineers and Scientists, Society of Women Engineers, and City Year San Jose/Silicon Valley.

We are proud of our 16-year partnership with Breakthrough Silicon Valley in Santa Clara, California, and Austin, Texas, empowering more than 2,900 local students with limited educational opportunities to become the first in their families to attend college.

Employees volunteer their time and talent during our Career Exploration Day event with Breakthrough Silicon Valley. In July, we hosted a half-day event where team members from three of our [Employee Resource Groups](#) (ERGs) combined efforts to create a variety of STEM activities for these diverse students, including lab tours, hands-on lectures and solar car building.

“This program helps to change lives by providing both exposure and opportunity to which many of the students would not otherwise have access,”

states Sherry Mings, Community Affairs officer of Applied’s Black Employee Network Leadership Encouraging Achievement through Diversity/Black Employee Network (LEAD/BEN) in Santa Clara, who has helped host the event for more than five years.

In fact, throughout the year our U.S. University Recruiting team partners with members of our ERGs, such as LEAD/BEN to bring local female and underrepresented minority students onsite to our Silicon Valley and Austin campuses. These students experience employee-led Q&A panel discussions, fabrication facilities tours to learn about our operations, and networking dinner with employees and fellow students.

We’re proud that our employees, many of whom are active members of our seven diverse ERGs, are integral to the success of outreach programs designed to motivate and inspire young people from all backgrounds and communities to become the engineers and innovators of the future.



Learn more about our community programs for underrepresented groups and young women in the [Community section](#) of this report.

University Partnerships and Internships

We know that the best way to prepare our future engineers and leaders is to improve their access to quality education. This year, our Office of the Chief Technology Officer (CTO) created a new partnership with the Joint School of Nanoscience and Nanoengineering (JSNN) at North Carolina A&T State University, a nationally recognized Historically Black College and University (HBCU) dating back to 1890. This partnership enables the company to support the development of cutting-edge technology and build relationships with faculty and students at a leading HBCU—a key component of expanding our diverse talent pipeline.

Developing future talent through internships is a key part of our outreach. More than 250 college students globally had the opportunity in 2018 to gain real-world experience and insight into a future career in technology:

- **150+ interns in the United States.** Students not only gained training and experience, they also engaged in local office team-building events and community outreach. In Silicon Valley, interns had an opportunity to learn about new technology and the industry value chain by participating in the Engineering and Technology conference and SEMICON/West.
- **50+ Interns in Korea, India, Taiwan and Singapore.** Since its inception in 2013, our Summer Student Program in Taiwan continues to motivate students with tours, technology equipment lectures, technical seminars and executive talks.

Our programs offer participants unique industry knowledge and hands-on experience, including employee mentoring, training, lectures from renowned professors and exclusive networking sessions with our executives. Many former interns ultimately join Applied through the New College Graduate (NCG) program.

New College Graduate Program

Our NCG program is essential to attracting the top talent entering the workplace. Our U.S. outreach involves sponsoring, hosting and participating in a wide range of activities, such as the Math, Engineering and Science Achievement (MESA) Student Leadership Conference; the National Society of Black Engineers Employer Roundtables; the Society of Women Engineers Evening with Industry event; and the University of California, Los Angeles Center for Excellence in Engineering and Diversity (CEED) Networking and Professional Etiquette event.

We are building momentum with the NCG program, which is bringing women to Applied at a growing pace in the U.S., up four points from FY2017. ^{Fig. 1}

In China, Applied has a long history of investment and talent development. In 2018, we recruited more than 120 graduates from top Chinese universities to join the New Star Program --our first large-scale NCG program in the country since 2000. The reinvigorated program is already enhancing our operations in this vitally important region.

U.S. New College Graduate Hiring

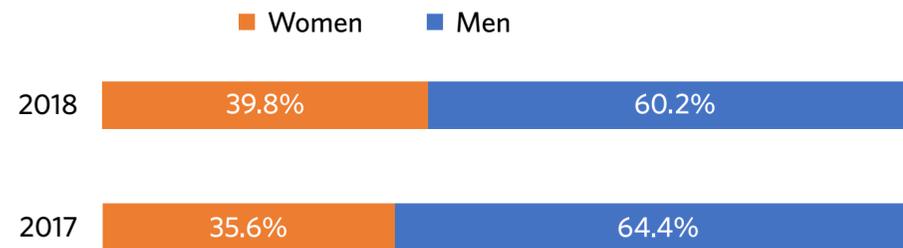
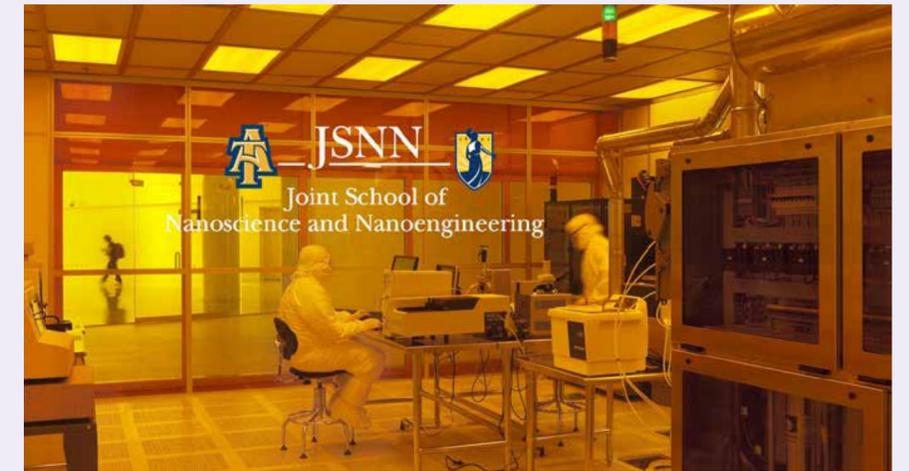


Figure 1: Percentage of Applied U.S. NCG women hired, up 4 points from FY2017



Our CTO office created a new partnership with the Joint School of Nanoscience and Nanoengineering (JSNN) at North Carolina A&T State University



New Star Program in China: In 2018, over 120 graduates joined from top Chinese universities joined Applied's New Star Program—our first large-scale NCG program in the country since 2000

Women Employees



Figure 2: Percentage of women in our workforce

Engineering Women Employees



Figure 3: Percentage of Engineering women in our workforce

Creating More Opportunities for Diversity Now

Hiring Initiatives

We are committed to increasing the diversity of our candidate pools globally, to ensure the diverse, engaged workforce critical to our success. Our talent acquisition strategies include specific recruiting efforts to hire women, underrepresented groups and minorities in the U.S. Our recruiters actively partner with hiring managers to understand position qualifications and present diverse candidates. We are also beginning to build processes to ensure interviewers from diverse backgrounds are engaged in the hiring process.

Women

Our outreach and recruiting efforts are making a difference in the representation of women in our workforce. By focusing our hiring initiatives on increasing the number of women employed in the U.S., we have seen steady, positive movement.^{Fig. 2}

In 2018, the number of women holding engineering positions increased both globally and in the U.S. due to focused recruiting efforts across many countries.^{Fig. 3} We are making progress toward our hiring goals but recognize that opportunities remain to increase representation. We are confident that programs focused on diversity, including Generation Girl, an initiative recently launched by the Applied Materials Foundation, will advance our effort to increase women’s preparedness for and representation in the workforce—as well as in leadership positions—at Applied and throughout the technology industry.

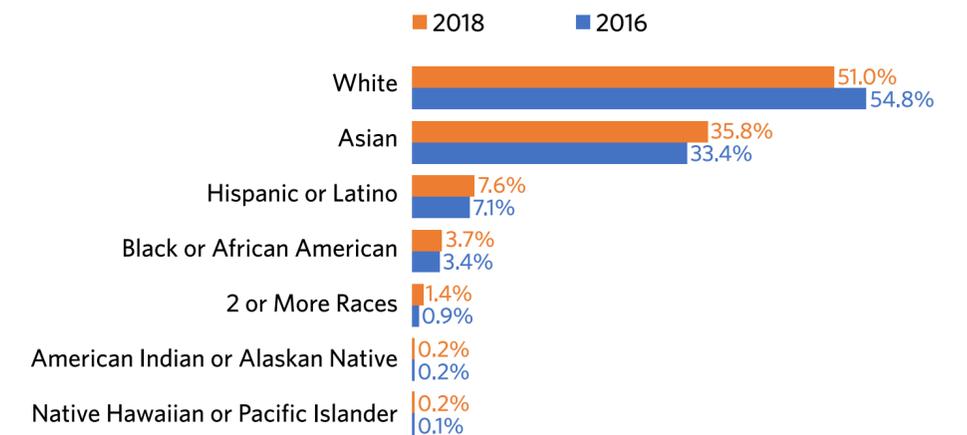
Underrepresented Minorities in the U.S.

We continue to seek out diverse talent at universities with strong engineering and science programs, including those universities in the U.S. with relatively high percentages of Black/African American and Hispanic/Latino students. We are also developing our educational outreach programs, participating in onsite networking and informational events to attract college students pursuing STEM careers.

Our workforce diversity statistics have trended slightly upward in the past two years for underrepresented minorities—Hispanic or Latino, Black or African American, Two or More Races, and Native Hawaiian or Pacific Islander.

We plan to build on this momentum and believe the outreach efforts and talent acquisition strategies that we have put in place will make a more positive difference in years to come.

2016—2018 U.S. Ethnicity Trends



Learn more about our engineering and technology programs in the [Training and Development](#) section, and [Generation Girl](#) in the Community sections of this report

Veterans and Military Employees

We support employees around the world who serve their countries. The unique experiences, skills and perspectives of our employees who are current or former military personnel enhance our operations and enrich our culture every day. These employees have unique technical skills and thrive in team-driven work that is important when developing the complex equipment we produce. We actively recruit exemplary candidates from the large pool of talented individuals who have served in the military.

In the U.S., we participated in more than 25 events to further our military and veteran recruiting in 2018, and 140+ veterans are bringing their experience and talents to the company. We support the commitments of those employees who are active in the military by allowing them time away from Applied to fulfill these obligations. We are proud of receiving consistent recognition for hiring and supporting veterans, including as a Military-Friendly Employer and a U.S. Veterans Magazine Top Veteran-Friendly Employer.



Building on Our Culture of Inclusion

Our journey involves embedding a culture of inclusion throughout the company, in all that we do and across our global workplace. With our leaders as allies in identifying and eliminating barriers to inclusion, we strive to create a more inclusive experience at Applied. Our Employee Resource Groups also serve as champions in fostering diversity and contributing to a supportive, dynamic environment.

Women in Engineering Program

Applied encourages and supports women who want to pursue a career in engineering through our Women in Engineering Talent Development Program (WiETDP)—a two-year program providing women with opportunities to participate in conferences, professional skill development workshops, roundtables focused on career and professional development, and mentoring programs. In 2018, we sponsored employee attendance in nine conferences across the U.S., including the IEEE (Institute of Electrical and Electronics Engineers) Women in Engineering International Leadership Conference, Massachusetts Conference for Women, Texas Conference for Women, and Watermark Conference for Women.



IEEE Women in Engineering International Leadership Conference 2018

Supportive Benefits—Paid Family Leave for All

We know our employees can have life changing events that affect their ability to work fulltime. We offer generous benefits to assist our employees through these times. Applied does not discriminate against anyone on the basis of gender, race, sexual orientation, marital status, age or other protected characteristics. This commitment extends to our benefits that are offered to all domestic partners.

Applied offers eight weeks of 100 percent paid parental leave to new parents for biological, adopted and foster children. Additionally, our paid family leave benefit to care for a seriously ill spouse, domestic partner, child, parent, parent-in-law, sibling, grandparent or grandchild is available nationwide at 60 percent pay for six weeks.

Inclusion and Engagement Events

Our ERGs bring employees of all backgrounds together to observe and celebrate the varied and rich cultures of our employee population. In 2018, our ERGs organized several cultural events including celebrations for Lunar New Year, Black History Month, International Women’s Day, Memorial Day, Pride Month and Hispanic Heritage Month.

Since 2010, we have held internal events that promote a culture of diversity and inclusion. In recent years, these events have become larger in scale, enhanced by the participation of our Board of Directors, CEO and executive staff. These activities emphasize several key themes:

- Being bold and speaking up
- Appreciating differences that stimulate learning and develop innovative solutions
- Creating an inclusive and collaborative environment that is empowering and engaging

Our 2018 annual Diversity & Inclusion events were held in Austin in September and Silicon Valley in October. Programs included motivational speakers on topics such as mutual responsibility for creating an inclusive environment, building productive working relationships and improving communication across generations. Speakers and workshops alike encouraged employees to reflect on our global diversity as a major asset that strengthens both our shared success and social progress.

Supply Chain Diversity

Our emphasis on global diversity also extends to our supply chain partners. We are committed to selecting diverse suppliers who provide products and services that meet our supplier-selection criteria and help us fulfill customer requirements. More information is available in the Supply Chain section.



Our Asians in Motion (AIM) ERG gather employees in Austin, Texas, to celebrate Diwali, the festival of lights



Our Applied Pride (LGBTQ and Friends) ERG gathers employees in Silicon Valley to raise the rainbow flag in celebration of LGBTQ+ Pride Month

Employee Resource Groups

We value the positive impact of our many Employee Resource Groups (ERGs), which foster diversity and inclusion through information-sharing and provide support, professional development and cultural awareness opportunities. ERGs contribute to inclusion in every stage of career development—from early education to employment and inclusion in the workforce—and directly support business goals through talent outreach and employee engagement.

In 2018, we funded seven ERGs with 21 chapters spread across our worldwide locations:

- Applied Pride (LGBTQ and Friends)
- Asians in Motion (AIM)
- Hispanics in Partnership (HiP)
- Leadership Encouraging Achievement through Diversity/Black Employee Network (LEAD/BEN)
- Veterans Employee Team (VET)
- Women’s Professional Development Network (WPDN)
- Young Professionals Network (YPN)

We value the counsel and insights that ERG members provide to leadership and to Human Resources on how we can continue to strengthen a culture of inclusion at Applied. Each ERG has an executive champion who provides leadership consultation and ensures open communication between these important groups and senior management.

Ethics and Compliance

We apply the highest ethical and compliance standards to all of our business activities. Responsibility, accountability and integrity are foundational to our success. These core values are upheld throughout our operations and extend to our customers and supply chains. They are vital to our culture of mutual trust and respect, which nurtures constructive and cooperative partnerships with all of our stakeholders—from our workforce to our customers, our suppliers and the public.

Standards of Business Conduct

We promote a strong and consistent culture of ethics through our global Standards of Business Conduct (SBC), which establishes policies and ethical conduct expectations for our workforce around the world. The SBC covers topics such as Anti-Corruption, Conflict of Interest, Data Privacy, Protecting Intellectual Property (IP) and Workplace Safety. The SBC is available to our workforce and suppliers in 11 languages via our [website](#).

All personnel must:

1. Review and certify adherence to our SBC upon joining Applied
2. Verify annually that they have read, understand and agree to comply with the SBC by completing a recertification process
3. Refresh their knowledge every two years by completing an online training course

Training on Policy

In addition to required adherence to our SBC, each member of our workforce undergoes comprehensive web-based and/or classroom training on our Anti-Corruption, Conflict of Interest, Global Gift, Expense Reporting, Global Travel and Insider Trading policies. Employees are trained on these policies when they are hired, and they must refresh their knowledge annually thereafter.

All of our employees and many of our suppliers are trained in privacy issues and IP protection, including the need to protect our customers' and suppliers' data and information. We also provide ethics training to suppliers to make certain that they understand our requirements and how they can access assistance if needed.

Outreach

Ethics Week - Ethics Applied Everywhere

We hold an Ethics Week campaign each year to emphasize our commitment to operating with the highest ethical standards. Throughout the weeklong event, we invite all employees to hear our key executives reinforce the importance of ethics, integrity and legal compliance, and we provide our employees with the resources and encouragement to fulfill their responsibilities with these values. In addition, the head of Ethics and Compliance communicates reminders about our policies in key areas that our workforce may encounter in their day-to-day roles—including expense reporting, and travel and gift policies—throughout the year.

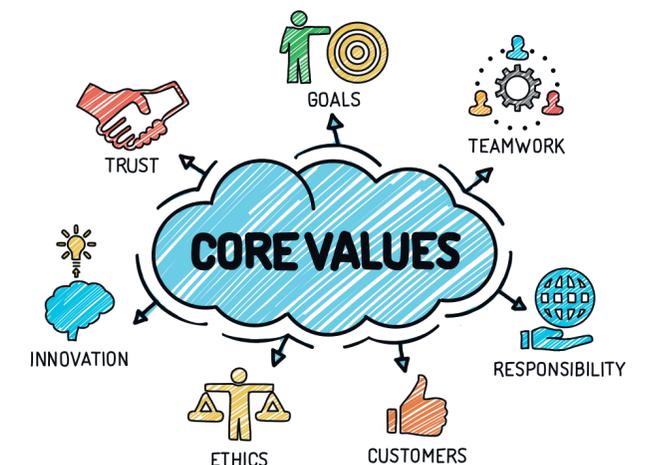
During our Ethics week in February of 2018, our General Counsel moderated a panel discussion with key executives at an All Employee meeting on the importance of ethics at Applied and the role we all play in upholding our ethical standards and safeguarding our company's reputation especially among our customers and suppliers.

Other Outreach Events

The Ethics and Compliance team also holds informal events, referred to as Ethics roadshows, at all major global locations on a two-year rotation. These events are promoted through emails and other forms of direct marketing. Team leaders are encouraged to further engage employees through team meetings.

Employee Ethics Survey

We conduct an Ethics Survey every two years to gauge awareness and obtain confidential feedback to identify which ethics program elements are effective, as well as where we have opportunities to improve. This survey is part of our continued effort to improve our ethics and compliance programs and actions. It is designed to capture our employees' overall perception of the company's ethical culture and also to assess how perceptions vary across management levels and between business units. This survey helps us to identify opportunities for improvements to better drive awareness, reporting and compliance. The next survey, scheduled to be conducted in 2020, will incorporate past survey results, emerging trends and best practices in order to continually improve our ethics standards and programs.



i In 2018, we achieved a 99 percent SBC-recertification rate

Speak-Up! Our Non-Retaliation Policy

We foster a positive work environment where every employee's voice can be heard and issues can be raised, promptly investigated and resolved. We encourage open, honest communication that can flow across all levels of the organization. We offer a variety of ways for employees to raise their concerns, including through the toll-free Ethics Helpline or by speaking directly to their manager, Human Resources business partner or any attorney at Applied.

Applied encourages our workforce to report any misconduct, ask questions about personal ethical responsibility, or raise concerns about potentially unethical or questionable behavior of others.

Our employees know that we prohibit retaliation against any member of our workforce for reporting a possible violation of our SBC policies in good faith, or for initiating, testifying, assisting or participating in any manner in any investigation, proceeding or hearing.

We clearly state our commitment to providing a workplace that is free of discrimination, harassment and retaliation in our Human Resources Policy and SBC, which includes opportunities and procedures for employees or other stakeholders to voice a complaint or concern as well as information on supervisory responsibilities and responsive actions.

Business Ethics Helplines

We maintain a confidential toll-free Ethics Helpline and an online help form that are available 24 hours a day, seven days a week worldwide. The helpline and help form are administered by an independent service provider. In addition, any employee, supplier, customer or other stakeholder can email the Applied Ethics and Compliance team to raise an issue or ask a question without fear of retaliation.

Policies and procedures are in place to make sure that every issue is investigated appropriately and in compliance with Applied's high standards and applicable local laws. These cases and resolutions are reported to senior management and the members of the Audit Committee of the Board every quarter. Final resolution can take a variety of forms, including disciplinary action for employees, specialized training, changes or improvements to our policies, termination or suspension of business relationships, or other corrective actions.

Consistent Reporting and a Record of Compliance

In 2018, no material fines or other sanctions were imposed on Applied for noncompliance with laws and regulations. No legal actions were taken against Applied for anti-competitive behavior or antitrust or monopoly practices. In addition, no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services were imposed. Applied did not receive substantiated complaints concerning breaches of customer privacy and losses of customer data in 2018.



Tools and Resources

Several tools and resources are available to our employees to help them conduct business legally and ethically, and protect intellectual property, including:

- Ethics Applied Everywhere website, which includes:
 - » Standards of Business Conduct
 - » Global Business Ethics Helpline and online tools
 - » Intranet site with company policies including Anti-Corruption, Conflict of Interest, Gift, Insider Trading and Travel
 - » Third-party due diligence and approval process
 - » FAQs
- Ethics and Compliance Team (formally Office of the Ombudsman)
- Valuable Intellectual Property (VIP) site
- Trainings
- Ethics videos
- Guidelines and security tools for sharing information

Human Rights

We are unequivocally committed to protecting human rights wherever we do business—both across our workforce and throughout our supply chain.

Applied has committed to its customers that modern slavery does not exist within our operations. We also assess and address any risks posed by our suppliers.

Owned and Operated Facilities

We prohibit the use of child labor and forced, bonded or indentured labor practices in our operations. We also forbid harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment. This policy is included in our Human Resources Policy Manual, the company's Standards of Business Conduct and the Responsible Business Alliance (RBA) Code of Conduct, to which we subscribe. In addition, all personnel involved in hiring, supporting, supervising or directing members of our workforce are trained on these policies annually and are required to apply their knowledge consistently throughout our global operations.

Supply Chain Responsibilities

Like many technology companies, our supply chain encompasses thousands of direct suppliers and a countless quantity of upstream suppliers, which are connected through complex networks spanning the globe. Further, we share many of the same direct and indirect suppliers with several other companies in our sectors. Because we recognize that our ability to influence positive change and strengthen the ethical and sustainable behaviors of these mutual suppliers is greatest when we collaborate with other industry members, we have adopted the RBA Code of Conduct, along with our Standards of Business Conduct, as the standards we hold our suppliers to regarding human rights, including prohibitions on exploitative, child and inhumane labor practices.



For detailed information about Applied's commitment to ensuring that human rights are respected and maintained throughout our supply chain, please see the [Supply Chain](#) section of this report





Society

We understand that Applied Materials has a responsibility and an opportunity to be a leader in society. We strive to create a positive impact through philanthropic investments, community programs and public policy engagement.

IN THIS SECTION

- [Community](#)
- [Public Policy](#)

Applied Materials Foundation

A long history of giving is at the heart of our corporate culture. In 1994, the Applied Materials Foundation was established to guarantee that we maintain our commitment to the community during times of prosperity and challenge. For more than 20 years, the Foundation has supported our local and global communities through grants, corporate matches and special initiatives. Eligible organizations in our communities are invited to submit grant requests that are reviewed on a semi-annual basis. Grant Guidelines for the Foundation, including the grant application and details on review timing, are available [online](#).

Education

Education is the key to helping children unlock the talent and potential that will shape a better tomorrow. Applied provides charitable grants to schools and organizations to reduce the academic achievement gap and increase access to quality education worldwide.

A few examples of our 2018 contributions to organizations making an impact around the globe include:

- **Supporting basic literacy** by creating engaging, grade-level appropriate libraries at Manor Independent School District in Manor, Texas and through the Ling Shan Charity Foundation in rural China
- **Preparing under-resourced students** with the academic and emotional skills they need to succeed, through programs such as RISE, which inspires and supports first generation, college-bound students in San Jose, California, and NPO NextDoor in Tokyo, Japan, which provides free weekend sessions for youth preparing for high school exams
- **Encouraging best practices in teaching** and school management through grants to progressive programs in Israel, Taiwan and the Silicon Valley region

Employee Matching

We invite our employees around the world to maximize their personal contributions to charity by taking part in our Matching Gift program. The Foundation matches employee contributions to eligible charities and educational programs dollar-for-dollar, up to a \$3,000 annual limit per employee.

Our employees are also invited to support organizations in their local community through volunteer activities, often company-initiated events. The Foundation also donates to an employee's charity of choice based on time spent volunteering with approved nonprofit organizations through our Volunteer Time Grant program.



Breakthrough Silicon Valley students learn about business and engineering concepts from our employee volunteers



Students visit our Applied Materials campus in Israel



Teach for Taiwan ensures high quality education for local students

Civic Engagement

As a responsible corporate citizen, we want to be a leader in the community by assisting those struggling with basic human needs and affected by disasters. That’s why we invest in programs including access to nutritious food, clean water, affordable housing and short-term emergency assistance. We also respond to disasters near our facilities by helping with recovery and rebuilding efforts.

North America Food Drive: \$2.35 Million Raised to Alleviate Hunger

In 2018, our North America employees gave generously during our annual Food Drive, resulting in \$2.35 million for more than 40 food banks where we operate. During the campaign, employees learned about hunger in their local communities and rallied to give funds online and participate in various fundraising events.



Applied Materials Silicon Valley Turkey Trot: Largest Fully-Timed Thanksgiving Day Race in the U.S.

To help Silicon Valley residents who struggle to meet basic needs, we sponsor the Applied Materials Silicon Valley Turkey Trot, held on Thanksgiving Day, to raise money for local charities that provide food, shelter and healthcare to vulnerable populations.

The Turkey Trot, which has raised more than \$8.8 million over 14 years of trotting, has become a nationally recognized event. Running USA, a Los Angeles based non-profit organization, ranks it the largest fully-timed Thanksgiving Day race in the U.S. The Turkey Trot is a valued local tradition that helps us launch the holiday season with a festive, philanthropic and community-focused spirit.

We are proud that more than 21,000 community members, including many Applied employees, participated in the 14th annual Turkey Trot in 2018, raising over \$934,000 for local charities.

Responding to Disaster

Applied promptly and generously responds when disasters strike areas where the company operates or our employees live. For example, we assisted with relief and recovery operations for floods, mudslides and earthquake disasters in Japan by donating \$33,000 in 2018.

Arts and Culture

We have a rich history of supporting arts, cultural events and organizations that bring people of diverse backgrounds together in shared experiences to encourage participation, learning and community building.

In 2018, we sponsored dozens of programs that provided access and exposure to the arts globally. Here are a few artistic initiatives we contributed to in the last year:

- In the Phoenix, Arizona area, both the Black Theatre Troupe and the Valley Youth Theatre offered creative ways to integrate arts into education and inspire students through the magic of live theatre
- The creation of an art studio by the Community Chest in Singapore gave children from disadvantaged families a space in which to discover their artistic abilities
- The Asia Museum of Modern Art in Taiwan offered students courses in the aesthetic evaluation of visual arts
- The Cape Ann Symphony provided classroom presentations and concert performances for youth in Gloucester, Massachusetts
- Free access to summer cultural and entertainment performances provided by the Zilker Theatre in Austin, Texas; the San Jose Jazz Festival in Silicon Valley; and a Children’s Festival produced by the Bay Area Cultural Connections



Environment

Applied values the importance of investing in environmental programs that help us all to understand our roles as stewards of the Earth. We encourage our employees to volunteer as well as contribute to environmental organizations in the communities where we operate.

EarthWorks

2018 marked the tenth anniversary of EarthWorks, our month-long environmental campaign to honor Earth Day, which falls on April 22nd. The focus of EarthWorks is to raise awareness and inspire action to address some of our most pressing environmental risks.

Through EarthWorks, we educate our employees about environmental issues in our local areas of operation, connect employees with communities through volunteer opportunities, and support organizations that are making a positive change in the environment. Each year, EarthWorks provides an opportunity for employees and their families to come together and focus on the same community cause.

Our employees support local environmental sustainability efforts around the world



Planting trees

Helping to sustain the greenery of Singapore through the Garden City Fund, rebuilding the coastline in the Millennium Hope Hills in Miyagi, Japan, and enhancing public lands in Austin, Texas with TreeFolks, Inc.



Promoting wilderness

Working with the Society of Wilderness in Taiwan to support lectures, wilderness excursions and hands-on activities to increase awareness of the importance of environmental issues

Educating children

Escorting students with special needs to off-site classes near a local wetland area in Korea with the Seongnam Federation for Environmental Movements



Protecting oceans

Engaging youth in ocean-related environmental programs through the Gloucester Maritime Heritage Center in Massachusetts, and both the Marine Science Institute and the O'Neil Sea Odyssey in California

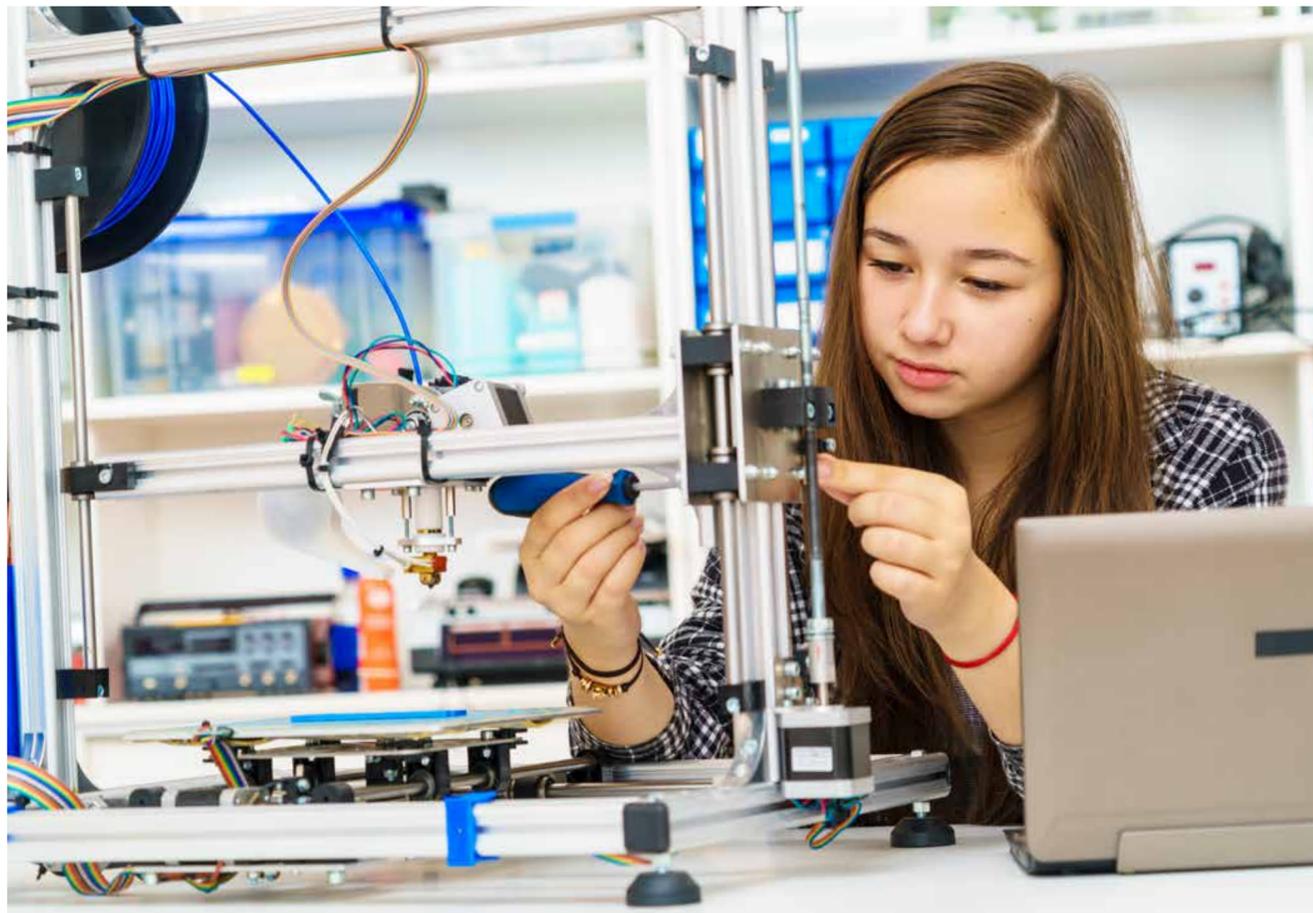


Generation Girl™

We believe that all children, regardless of gender, race or income level, should be able to pursue their dreams. While Applied Materials and the Applied Materials Foundation have invested in education programs in low-income communities for more than a decade, the specific challenges faced by young girls as they explore future career paths necessitate a more targeted strategy.

In 2018, the Applied Materials Foundation launched Generation Girl, a new initiative to work toward a future where all girls have the opportunity to reach their potential. We are engaging with nonprofit organizations around the country to help girls gain the confidence, skills and opportunities they need to succeed in any path they choose.

This program is currently active in the United States in Austin, Texas; Gloucester, Massachusetts; and in the Silicon Valley region in California.



Generation Girl—a New Initiative of the Foundation

This year, our grantees are working on a variety of projects, including:

- **Addressing biases in the classroom**
through gender equity-focused teacher training and in-class student activities
- **Ensuring girls from all backgrounds have access to high-quality programs,**
including STEM programs, by launching new efforts in underserved areas and building the capacity of existing providers to serve more girls from low-income backgrounds
- **Increasing exposure to positive female role models**
by facilitating introductions between our employees and girls and young women in the communities where we work and live
- **Building the capacity of youth-serving nonprofit organizations**
working in the area of gender equity

As a result of efforts like this, we hope girls will have the confidence to explore their interests and passions and, ultimately, to pursue a career in whatever field they choose.

For more information, visit our [Generation Girl site online](#).

Public Policy

Applied Materials believes that we can play an important role in educating policy makers and trade associations on the key issues our customers, business and industry are facing in today's world. Our Government Affairs group leads our efforts to shape public policy and help relevant stakeholders understand how smart policies can increase opportunities across the entire industry in a progressive and positive way.

It is worth noting that neither the company nor the Applied Materials Political Action Committee (AMPAC) makes contributions to so-called "Super-PACs," and political contributions are limited to within the U.S.

Our Public Policy Priorities

Environmental, Safety and Health Regulatory Issues

We, along with our customers, operate in business segments subject to a vast, complex web of regulations governing environmental, safety, health and other workplace concerns. Applied Materials works with policymakers and regulators to ensure that these regulations are crafted in the most effective manner.

Technology Research Funding

Technology development is complex and costly. We partner with public research institutions and government-funded research programs to make the best use of our collective resources and expertise by sharing knowledge, partnering with select initiatives, and identifying future technology development challenges and needs. We advocate for government funding and other incentives to expand industry R&D activities to meet the growing demand for advanced technologies and sophisticated electronic applications, such as artificial intelligence.

Trade Facilitation

With approximately 90 percent of our revenues generated outside the U.S., international trade is vital to our business and customers. Our ability to sell and service our products is affected tremendously by myriad laws and regulations governing trade. We advocate for removing trade barriers in sensible and effective ways.

Tax Policy

Applied Materials engaged with a variety of policymakers and participants in the political process throughout 2018. Our unique industry perspective informs our efforts to advocate for progressive and sensible policy changes that can address corporate tax, international competition, and R&D issues.

We are committed to acting in accordance with all applicable laws governing lobbying. To this end, we disclose all of our lobbying activities in periodic reports filed with the U.S. Senate, the U.S. House of Representatives or the appropriate state agency. Our federal lobbying is also reported publicly through the Lobbying Disclosure Act Database.



Applied Materials Political Action Committee (AMPAC)

In 2004, we established the Applied Materials Political Action Committee (AMPAC) to participate more fully in the political process. In full compliance with all U.S. campaign finance laws and regulations, campaign contributions are disbursed to candidates for state or federal office, to other political action committees or to political party committees. While our corporate organization pays its administrative expenses, AMPAC is funded entirely through voluntary contributions from directors and eligible employees, many of whom are executives. AMPAC's activities are overseen by the AMPAC Board of Directors, which draws its members from our employee pool, including several vice presidents.

AMPAC regularly files its contributions reports with the Federal Election Commission through its outside independent counsel. These reports are available [online](#).

Political Contributions

Applied takes care to make sure that any and all political contributions comply with applicable campaign-finance and related laws. Our AMPAC contributions are reviewed and approved by outside legal counsel prior to issuance. In addition, they are subject to approval by our Vice President of Communications and Public Affairs and are reported directly to our General Counsel and the Chairman of AMPAC to verify that they are consistent with AMPAC's contribution policies and criteria.

Our State Contributions Committee (consisting of the same individuals who serve on the AMPAC Board) oversees corporate political spending at the state and local levels. When warranted, we use corporate funds to make financial and in-kind political contributions within the U.S., as permitted by applicable laws, such as contributions to candidates for statewide offices and state legislatures, as well as to local or regional ballot measures.

All contributions are disclosed publicly on our [website](#) biannually. During 2018, political contributions made by AMPAC and the State Contributions Committee totaled \$47,000. We also contributed \$10,000 to one regional ballot measure. However, no contributions were made in support of entities organized under section 527 of the U.S. tax code, including governors' associations.

Oversight, Review and Ethics

All of our AMPAC or corporate political contributions proposed by our Government Affairs group are reviewed by the AMPAC Board or State Contributions Committee, respectively. Support of particular candidates is evaluated based on each candidate's position on issues of strategic importance to the company, leadership on key committees and whether we have a significant presence in the candidate's state or district. All employees involved in this process know that a contribution may not be made in return for, or in anticipation of, an official act. All contributions are made based only on corporate objectives, without regard for the private political preferences of committee members.

In addition to regular governance policies and company controls, all persons acting on Applied's behalf must certify that they comply with our Standards of Business Conduct which prohibits corrupt practices, including any promise or payment of bribes or kickbacks to government officials. In addition, we conduct regular compliance-system reviews and internal audits to confirm that all corporate contributions are made in accordance with the law and with our company policies.

Business and Trade Associations

Applied Materials belongs and contributes to several business and trade associations* representing a range of issues that concern us. We believe our involvement helps us to meet the current and future needs of our customers and their end users and benefits our overall business. In the U.S., these associations include groups, other than charitable and social welfare organizations, falling under sections 501(c)(4) and 501(c)(6) of the U.S. tax code that may engage in limited political activity.

Our membership in a group does not imply that we endorse the entirety of that group's policy positions. Further information on our participation in business and trade organizations is available through our [website](#).

*In 2018, we paid approximately \$500,000 in trade association membership dues. Of this amount, 17 percent was specified by the associations as nondeductible lobbying activity expenditures. Our membership dues total does not include other costs, such as specific conference or event sponsorships or programming activities.



Detailed reporting on our political contributions is included at the [end of this report](#), and our semiannual political contribution list and trade associations list are available through our [website](#)

Performance Indicators

About the Company (Fiscal Year)		2016	2017	2018
Revenue (\$Billions)		\$10.83	\$14.54	\$17.25
Net Income (\$Billions)		\$1.72	\$3.43	\$3.31
R&D (\$Billions)		\$1.54	\$1.77	\$2.02
Number of employees		>15,600	>18,400	~21,000
Number of patents		>10,200	>11,900	>12,500
Number of locations/countries		82 locations in 17 countries	90 locations in 17 countries	93 locations in 17 countries

Environmental Sustainability (Calendar Year)		2016	2017	2018
Energy Use	Direct energy use (Gas) (Million Therms)	3.8	4.2	4.4
	Indirect energy use (Electricity) (GWh) ¹	345	354	376
	Renewable energy (Electricity) (GWh) ¹	59	63	66
Water	Water use ² (CCF)	528,120	594,014	628,993
Greenhouse Gas (GHG) Emissions	Total direct and indirect GHG emissions by weight (MTCe) (Scope 1+2) ³	170,634	173,491	173,063
	Other relevant indirect GHG emissions by weight (MTCe) (Scope 3 air travel)	11,643	17,322	35,850
Waste & Recycling	Total weight of waste by type and disposal method (metric tons):			
	Hazardous waste treated off-site	319	316	420
	Landfill (non-hazardous)	2,187	4,488	2,337
	Recycled/composted/diverted	8,795	13,372	10,577
	Diversion rate	78%	75%	81%

1 Renewable energy consists of a combination of onsite generation and green power purchases.

2 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.

3 Indicates Applied's worldwide direct and indirect GHG emissions for the last three years (MTCe=metric tons of carbon equivalent).

4 Percentages may not add up to 100% due to rounding.

Workplace (Fiscal Year)		2016	2017	2018
Safety				
Worldwide	Total case incidence rate (TCIR)	0.44	0.41	0.52
	Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (Days Away and Restricted Time or DART)	0.26	0.30	0.34
	Number of work-related fatalities	0	0	0
	Number of ergonomic evaluations performed	1,557	2,929	6,039
Training and development				
Average hours of training per year per person	Regular full-time employees (RFT)	41	53	63
	Total (RFT, temps, contractors, interns)	30	40	46
	Percentage of employees receiving regular performance and career development reviews	99%	99%	99%
Diversity and Inclusion				
Diversity	Women on Applied Board of Directors	22%	22%	20%
	Women in U.S. Workforce	18%	18.7%	19.3%
	Women in Global Workforce	16.6%	16.6%	17%
U.S. Ethnicity	White	54.8%	52.6%	51%
	Asian	33.4%	34.8%	35.8%
	Hispanic or Latino	7.1%	7.4%	7.6%
	Black or African American	3.4%	3.4%	3.7%
	Two or More Races	0.9%	1.1%	1.4%
	American Indian or Alaska Native	0.2%	0.2%	0.2%
	Native Hawaiian or Other Pacific Islander	0.1%	0.1%	0.2%

Human Rights

Percentage of operations that have been subject to human rights reviews or impact assessments, by country	0%	0%	0%
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Social Responsibility (Fiscal Year)

		2016	2017	2018
Community	Total community investments by Applied and the Applied Materials Foundation (excludes administrative)	\$9.1M	\$10.1M	\$10.9M
	Total Giving through the Foundation Match Program (employee gifts plus match) ¹	\$4.1M	\$5.9M	\$6.2M
	Total Volunteer Time Grant hours logged ¹	13,501	16,670	16,328
Public Policy	Total contributions by Applied Materials Foundation based on Time Grant hours ¹	36,100	59,000	50,800
	Total value of financial and in-kind contributions to political parties, candidates, and related institutions by Applied Materials	\$30,000	\$5,000	\$10,000
	Total value of financial and in-kind contributions to political parties, candidates, and related institutions by AMPAC	\$68,500	\$85,500	\$47,000

¹ Calendar year 2018

Resources and References

For more information about Applied Materials, visit our website at www.appliedmaterials.com. Additional information regarding Applied Materials' business and our corporate responsibility activities are available on our website at the following links:

- » [2018 Annual Report with 10-K](#)
- » [Carbon Disclosure Project](#)
(Annual Water Use and Greenhouse Gas Emissions Reports)
- » [Conflict Minerals Policy and Reporting](#)
- » [Corporate Governance](#)
- » [Corporate Responsibility](#)
- » [CSR Reports](#) (archived)
- » [Environmental, Health and Safety Policy](#)
- » [ISO/OHSAS Certifications](#)
- » [Press Releases](#)
- » [2018 Political contributions and U.S. Trade, Business and Civic Associations List](#)
- » [Organizational Profile](#)
- » [California Transparency in Supply Chains Act](#)



We would like to hear from you. Please direct questions or comments about this report to our sustainability reporting team at: corporate_responsibility@amat.com

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