

Applied Materials' Statement under the California Transparency in Supply Chains Act

Under the California Transparency in Supply Chains Act of 2010 (Cal. Civil Code §1714.43), many manufacturers and retail sellers doing business in California must disclose information regarding their efforts to address the risk of slavery and human trafficking in their supply chains.

Applied Materials is a leading provider of innovative equipment and services to manufacturers in the semiconductor, display and related industries. Our ability to manufacture products depends on the timely supply of parts and assemblies that meet defined specifications, which generally entails very close interaction with our suppliers, including regular visits to supplier sites.

Applied Materials is committed to conducting business in an ethical and responsible manner and is unequivocally opposed to slavery and human trafficking. These values are reflected in our Standards of Business Conduct, which states in part that "Without limitation, as a global company, Applied Materials prohibits the use of child labor, and the use of forced, bonded, or indentured labor practices in our operations." This prohibition is also reiterated in the company's Human Resources Policy Manual under the Global Policy against Child and / or Forced Labor.

In addition, Applied Materials is a member of the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC), a non-profit coalition committed to supporting the rights and wellbeing of workers and communities throughout the global electronics supply chain, and has adopted the RBA Code of Conduct (RBA Code). The RBA Code is based in part on international labor and human rights standards that similarly condemn child labor, forced labor and human trafficking.

Applied Materials requires all members of our global supply chain who provide parts and assemblies to our manufacturing facilities (which we refer to as direct suppliers) to comply with the company's Standards of Business Conduct as well as the RBA Code. We promote adherence in several ways, including the following:

- Agreements with key suppliers require compliance with these codes and applicable laws;
- A reminder of our compliance requirements is emailed annually to direct suppliers along with a copy of the Standards of Business Conduct and RBA Code;
- Web-based training on our Standards of Business Conduct and the RBA Code is provided for Applied Materials personnel and key suppliers, which includes guidance on raising concerns through our global business ethics helplines;
- The top 80% of suppliers (based on company spend) must complete self-assessments on an annual basis to measure their compliance with these and other similar requirements;
- Consistent with RBA membership requirements, we have implemented a process to identify any high-risk major suppliers and to perform third party audits of 25% of such suppliers, if warranted; and
- We have internal accountability standards and procedures in the event an employee or supplier fails to meet company prohibitions on slavery and trafficking. An employee who fails to comply with our policy is subject to disciplinary action up to and including termination of employment, while our agreements with suppliers include a termination provision for non-compliance with these or other requirements.
- Further, Applied Materials operates global business ethics helplines that allow anyone to raise a concern. We take all reports seriously and conduct internal investigations and implement corrective actions where warranted.

This statement was last updated on April 9, 2018. For future updates to our policies and practices covered under the Act, please check back to this site.