

Applied Materials Inc.

TICKER
NAS:AMAT

MARKET CAPITALIZATION
US\$56 billion

HEADQUARTERS
United States

DISCLOSURES
UK Modern Slavery Act: No
California Transparency in Supply Chains Act: Yes

TARGETS
None

OVERALL RANKING

26 out of 49

([2018 Rank](#): 23 out of 40)

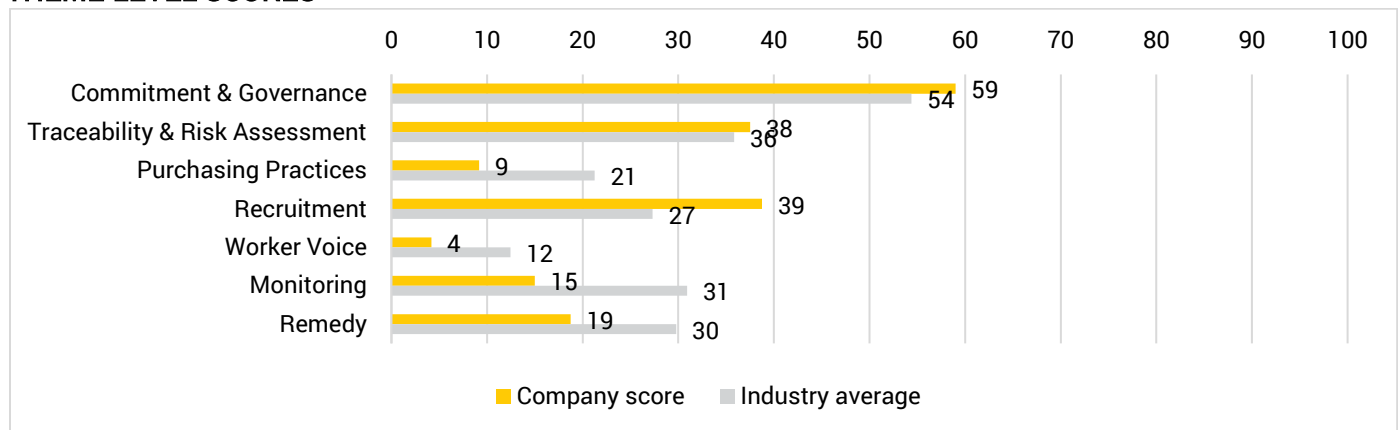
OVERALL SCORE

26 out of 100

SUMMARY

Applied Materials Inc. (Applied Materials), a supplier to companies such as Intel and Samsung, ranks 26th out of 49 companies and discloses less information on its forced labor policies and practices than its peers. Since 2018, the company has improved by disclosing the sourcing countries of 3TG in its supply chains, conducting a specialized assessment of recruitment and forced labor risks at three Asia-based suppliers, offering additional information on its supplier monitoring process, and integrating forced labor standards into supplier contracts. Compared to 2018, the company's score decreased by one point, as a strengthened methodology makes it harder to achieve the same score. The company is encouraged to improve its performance and disclosure on the themes of Purchasing Practices, Worker Voice, and Remedy.

THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

No

AVERAGE SUPPLIER SCORE

N/A

HIGH-RISK SOURCING COUNTRIESLikely from Malaysia and/or China¹**NO-FEE POLICY**

Yes (Employer Pays Principle) /

REMEDY FOR SUPPLY CHAINS WORKERS

No

LEADING PRACTICES

Recruitment: Applied Materials discloses that it is collaborating with a customer to conduct a forced labor risk assessment on three of its suppliers in Asia to analyze their recruitment practices for migrant workers. It reports that its analysis includes evaluating the suppliers' policies and procedures, mapping the journeys of workers, assessing the hiring practices associated with worker migration, and developing corrective action plans to address any gaps identified. It reports that this project also included training on forced labor policies for the staff responsible for recruitment.

NOTABLE FINDINGS

Supplier Code of Conduct: Applied Materials discloses that it requires 80% of its first-tier suppliers to adhere to the code of conduct of the Responsible Business Alliance, which covers forced labor. The code is easily accessible on the company's website and includes a requirement to cascade standards to the next tier of suppliers.

Training: The company discloses that its own employees and those of its key suppliers receive training on the RBA code of conduct.

Integration into Supplier Contracts: The company reports that its supplier contracts incorporate a requirement to comply with the RBA code of conduct.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to assess the risks of forced labor at potential suppliers before entering into contracts with them and to disclose the outcomes of this process. The company is further encouraged to adopt responsible purchasing practices (such as improving planning and forecasting) and to provide procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices.

Worker Voice: The company is encouraged to take steps to ensure that a formal mechanism to report grievances to an impartial entity regarding labor conditions in the company's supply chains is available and communicated to its suppliers' workers and relevant stakeholders (e.g., worker organizations or

labor NGOs). To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains.

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and human trafficking and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders, as well as examples of remedy provided to its suppliers' workers. Further, the company may consider disclosing additional details on its corrective action plan process, such as possible consequences if corrective actions are not taken, and a summary or an example of its corrective action process in practice.

ENGAGED WITH KNOWTHECHAIN

Informal (i.e., engaged outside the formal three months engagement period) .

¹ Most electronic devices are produced at least in part in China and/or Malaysia, two countries where electronics may be produced using forced labor. KnowTheChain (June 2020), "[2020 KTC ICT Benchmark Report](#)."