At Applied Materials, our innovations make possible the technology shaping the future. We have played a key role in the evolution of the electronics industry over the past 50 years and looking ahead, our role will become even more critical to enabling new semiconductor, display and other exciting technologies. Our expertise in materials engineering is at the foundation of the incredible advances transforming the world around us – from communications and entertainment to healthcare and transportation.

Our belief in the concept of “make possible” extends beyond the realm of technology. Engrained in our culture is the core value of Responsibility and Integrity, which includes a commitment to making positive contributions to the communities where we live and to the world around us. In fiscal 2016, we grew orders, revenue and earnings to the highest levels in the Company’s history. Amid this fast growth, we were able to keep direct energy use, water consumption and greenhouse gas emissions flat while making progress on other citizenship measures. Among our most notable achievements were a record-breaking Food Drive that raised over $2 million for food banks across the U.S., and an improved recycling program, which resulted in a more than 1,000 percent increase in waste diversion at our Santa Clara, California campus. These are but a few of the many accomplishments included in this Citizenship Report.

Applied Materials’ innovation leadership, together with our commitment to making the world a better place, will help our company and communities thrive and grow sustainably over the long term.

Gary Dickerson
About This Report

First issued in 2007, the Applied Materials Citizenship Report is the annual sustainability report of Applied Materials, Inc. and its subsidiaries (collectively referred to as “Applied” or “the Company”). The 2016 report falls within the general guidelines of the Global Reporting Initiative™ (GRI) Reporting Framework (Version 4.0) and includes information about the Company’s economic, environmental and social performance, including resource metrics, community investments, workplace and political activities. It reflects the global operations of Applied for calendar year 2016, except where indicated that data is for Applied’s fiscal year, which ends on the last Sunday in October. Applied’s global operational footprint fluctuates with business acquisitions and divestitures, as well as the expansion, consolidation and relocation of its overall operations. These changes are, in part, a result of the nature of the primary industries the Company serves. Information related to acquired businesses and operations are included from the date of acquisition.

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

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COMMUNITY

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APPENDIX

25 Resources and References
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. At Applied Materials, our innovations make possible the technology shaping the future.

In fiscal year 2016, we grew orders, revenue and earnings to the highest levels in the Company’s history, and made significant progress towards our longer-term strategic, financial and sustainability goals.
At Applied Materials we believe that innovation is the key to making advanced technologies more affordable and accessible to consumers and businesses around the world.

From the health and well-being of our employees and their communities, to our sustainable business practices and corporate governance, we are focused on building a better future.

The Company demonstrates this commitment through our corporate citizenship programs and investments that span three key areas: Sustainability, Community and the Workplace.

**SUSTAINABILITY PRACTICES**
Applied is committed to conducting our business in an environmentally and socially responsible way, and we take strong action to protect the health and safety of workers, customers and neighboring communities.

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

**WORKPLACE CULTURE**
Applied is dedicated to attracting, developing and retaining a global workforce and respecting the local culture of the regions where we do business.
Applied Materials is committed to driving energy efficiency and minimizing potential environmental impacts. In 2016, the Company maintained sound sustainability practices to enhance and enrich the communities where we have a presence, and ensure a safe, thriving workplace for employees. Applied has five principles guiding its vision for sustainability: improve energy efficiency; design for the environment; promote environmental awareness among employees and the public; minimize pollution wherever possible; and conserve resources. Applied demonstrates these principles through the way we conduct our daily business. Our dedication to sustainability is reinforced through our ongoing membership in the Electronics Industry Citizenship Coalition (EICC).
How We Manage Our Environmental Impact

Applied Materials’ sense of responsibility for the environment is evident in our Environmental Health and Safety (EHS) program, manufacturing practices, business operations, supply chain initiatives, and the way we interact within our communities. We collaborate with suppliers to encourage and support best EHS practices and initiatives to benefit both the environment and our respective businesses. Results are monitored through training and routine reporting.

The Company uses its Environmental Management System (EMS), which is modeled on the International Organization for Standardization (ISO) 14001 standard, to measure Applied’s environmental performance. Applied began utilizing an EMS in 2004, when our Austin, Texas manufacturing site received ISO 14001 certification. Since then, we have obtained ISO 14001 certification at our manufacturing sites in Singapore, Israel, Montana, Taiwan, Italy and California. In 2016, our Alzenau, Germany operation was the eighth global location to obtain ISO 14001 certification. Applied’s certification roadmap includes registration of two additional global manufacturing sites: Gloucester, Massachusetts and Heimstetten, Germany.

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

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

Applied Materials ISO 14001 Manufacturing Sites:
» Austin, Texas
» Santa Clara, California (New Product Integration)
» Singapore
» Rehovot, Israel
» Kalispell, Montana
» Tainan, Taiwan
» Treviso, Italy
» Alzenau, Germany
Energy

Applied Materials’ sustainable energy strategy focuses on two core areas: minimizing the energy required for our business, through energy management control systems, facility equipment energy efficiency improvements, lighting and other facilities infrastructure upgrades and using renewable energy for operational needs where feasible. Dedication to this strategy enabled Applied to keep its direct energy consumption flat year-over-year despite it also being a period of rapid growth for the Company.

As an integral part of our clean energy initiatives, Applied seeks to minimize our carbon footprint through on-site renewable energy production and/or purchasing green energy from local utilities. Applied installed a total of 2,674 kilowatt peak (kWp) photovoltaic (PV) solar panels at four facilities and installed a 2,500 kWp wind turbine at our Gloucester, Massachusetts facility in 2012, which has generated 23.6 Gigawatt hours (GWh) of energy, to date. Applied sells the renewable energy certificates (RECs) associated with the wind turbine in support of the Massachusetts Department of Energy Resources (DOER) Renewable Energy Portfolio Standard. Due to a technical problem in September 2015, the wind turbine was shut down for repairs. Once repairs were completed, the turbine resumed operation in June 2016. The loss of functionality of the wind turbine decreased the amount of renewable energy that Applied was able to generate during 2016.

Applied’s Santa Clara, California and Austin, Texas facilities support their energy needs by purchasing green energy (renewable energy from wind or solar sources) from local utility providers.

Green energy purchases supported 100% of the power demand for our two Santa Clara campuses and approximately 28% of Austin’s power needs in 2016. In addition, solar panel arrays at Applied’s facilities in Sunnyvale, California; Singapore; Xi’an, China; and Austin, Texas generated a total of 3.5 GWh of energy in 2016.

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

<table>
<thead>
<tr>
<th>ANNUAL WORLDWIDE ENERGY CONSUMPTION</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct energy consumption by primary energy source (Gas) (Million Therms)</td>
<td>4.0</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Indirect energy consumption by primary energy source (Electricity) (GWh)</td>
<td>327</td>
<td>331</td>
<td>345</td>
</tr>
<tr>
<td>Renewable energy (Electricity) (GWh)</td>
<td>68</td>
<td>65</td>
<td>59</td>
</tr>
</tbody>
</table>

1 Renewable energy consists of a combination of on-site generation and green power purchases.
Since 2015, Applied’s Santa Clara, California campus has worked diligently to enhance and improve its waste diversion (recycling) capabilities. A multi-phase program, this strategic initiative was designed to help Applied understand its various waste streams, identify potential opportunities and vendors for recycling support, and implement segregation and waste management practice improvements across the site.

One factor driving the impetus to improve recycling was an overall increase in the amount of waste wood (in the form of wooden crate packaging) and metal being generated; process and operational changes had resulted in the Company generating these materials in higher volumes. As a result of our improved efforts, Applied recycled approximately 32 tons of recycled waste in 2016, compared to the three tons recycled in 2015. This was a 1,100 percent increase in waste diversion for the campus, and it greatly reduced the amount of waste the Company is sending to landfills.

**Water**

In 2016, average water usage indicated a minimal increase of approximately one percent, primarily due to higher manufacturing demand that resulted in a record year of production. Notwithstanding the higher production, the Applied Austin Industrial Waste Neutralization (IWN) Program that was implemented in September 2015, led to a total of 6.3 million gallons of water being successfully recycled during 2016. Water usage totals fluctuate with business activity, research and development needs and product life cycle development.

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

<table>
<thead>
<tr>
<th>ANNUAL WORLDWIDE WATER USAGE</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide total water usage (CCF)</td>
<td>566,804¹</td>
<td>522,802</td>
<td>528,120</td>
</tr>
</tbody>
</table>

¹ Amounts for owned facilities include domestic, landscaping and process (if any) usage. Amounts for leased facilities include domestic and process (if any) usage, while leased office-only facilities include domestic usage only.

**Greenhouse Gas Emissions**

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

In 2016, our GHG emissions remained relatively flat to the results reported in 2015. This can be attributed to changes in Scope 2 emission factors as Applied’s utility providers have improved their energy-generation portfolio to include cleaner energy sources. Scope 3 emissions (indirect releases) indicated a modest increase of approximately 2 percent year-over-year, attributed to business-related air travel.
The table below shows Applied’s worldwide direct and indirect GHG emissions for the last three years.

<table>
<thead>
<tr>
<th>ANNUAL WORLDWIDE GREENHOUSE GAS EMISSIONS(^1)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct and indirect greenhouse gas emissions by weight (MTCe) (Scope 1+2)(^1)</td>
<td>163,703</td>
<td>170,613</td>
<td>170,634</td>
</tr>
<tr>
<td>Other relevant indirect greenhouse gas emissions by weight (MTCe) (Scope 3 air travel)</td>
<td>20,724</td>
<td>11,390</td>
<td>11,643</td>
</tr>
</tbody>
</table>

\(^1\)Indicates Applied’s worldwide direct and indirect GHG emissions for the last three years (MTCe=metric tons of carbon equivalent).

Applied has a long history of supporting employee programs that help reduce greenhouse gas emissions, including carpool/ride-matching and vanpool service for California, Texas and Massachusetts employees; public and alternative transportation incentives for California employees; electrical vehicle charging stations at our Santa Clara, California campuses and Austin, Texas site; and preferred parking for carpools, hybrid and electric vehicles in Santa Clara and Austin. Applied has partnered with Scoop to give riders door-to-door transportation to the Company for just $2. A mobile app for carpooling in the San Francisco Bay Area, Scoop users make new connections with co-workers and neighbors, save an average of $2,000 a year, and help the environment.

In addition, Applied offers a Work-From-Home (AppliedAnywhere) program with 421 participants in 2016, and maintains 18 telepresence rooms for virtual meetings.

The Company also provides employee discounts for the purchase and installation of solar panels for their homes. Through the Employee Solar Program, eligible employees can receive a rebate of up to $1,500 through an approved vendor. This program is offered in addition to state and/or local rebate programs in several areas in the U.S. where Applied operates.
### 2016 Waste Reduction

- **Landfill**: 30% reduction
- **Recycled/composted/diverted**: 12% increase
- **Diversion rate**: 78%

### Waste and Recycling

In 2016, the amount of non-hazardous waste generated decreased by approximately 30 percent, while hazardous waste increased by approximately 45 percent. The decrease in non-hazardous waste is the result of implementing additional recycling programs that enabled improved diversion rates. Among the factors contributing to the increase in hazardous waste was higher production rates of manufacturing equipment and an increase in research and development activities. While periods of strong business demand can sometimes necessitate greater use of hazardous materials, Applied remains committed to responsibly monitoring all our waste streams and working to minimize the use of hazardous materials to the best of our ability.

Applied’s offices, campuses and manufacturing facilities globally implement recycling programs to decrease non-hazardous waste generation and increase waste diversion. The total amount of hazardous waste or nonhazardous waste generated depends on fluctuations and changes in business volumes, facility system or process improvements and the use of enhanced materials controls and management.

Activities currently in place to minimize waste production include recycling of solid materials, cafeteria items and building materials, as well as creation of reusable packaging for shipping and other uses.

<table>
<thead>
<tr>
<th>ANNUAL WORLDWIDE WASTE, RECYCLING AND DIVERSION</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total weight of waste by type and disposal method (metric tons):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste treated off-site</td>
<td>458</td>
<td>223</td>
<td>319</td>
</tr>
<tr>
<td>Landfill (non-hazardous)</td>
<td>4,320</td>
<td>3,136</td>
<td>2,187</td>
</tr>
<tr>
<td>Recycled/composted/diverted</td>
<td>7,276</td>
<td>7,906</td>
<td>8,795</td>
</tr>
<tr>
<td>Diversion rate (%)</td>
<td>60.1</td>
<td>71.7</td>
<td>78.0</td>
</tr>
</tbody>
</table>

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Applied Materials strives to positively impact the regions where our employees work and live through philanthropic investments and community engagement programs. As an industrial leader, we understand we also have the responsibility to be a leader in our communities. Accordingly, we focus our charitable support on efforts to protect and preserve the environment, enrich the arts and cultural scene, provide necessities to our neighbors, and improve educational opportunities for underserved students.

Applied employees extend our outreach in local communities around the world as they volunteer, donate to charities and participate in corporate-initiated drives and events that link employees and their families with local nonprofits.
Because our business is built on the power of ideas, Applied is committed to inspiring the next generation of innovators.

Community Investments

We demonstrate our core values of responsibility and integrity by making a positive contribution to the world through the Company’s legacy of community involvement and our ongoing commitment to engagement.

We are especially focused on issues of importance to the communities near Applied’s facilities. In 2016 the Company and the Applied Materials Foundation made strategic grants of $9.1 million to charities and nonprofit agencies in ten countries around the world.

In addition, Applied employees invest their time, energy and personal funds in organizations that help improve people’s lives. By taking advantage of Matching Gift and Volunteer Time Grant Programs, employees can leverage the time and money they commit to nonprofit agencies by requesting matching funds from the Applied Materials Foundation. In 2016, generous employees directed $4.1 million in donations and matching funds to charities and nonprofit agencies across the globe.

<table>
<thead>
<tr>
<th>COMMUNITY INVESTMENT</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total community investments by Applied and its Applied Materials Foundation ($ millions) (excludes administrative)</td>
<td>9.3</td>
<td>9.5</td>
<td>9.1</td>
</tr>
<tr>
<td>Total Giving through the Foundation Match Program (employee gifts plus match in $ millions)</td>
<td>3.5</td>
<td>3.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Total Volunteer Time Grant hours logged</td>
<td>16,917</td>
<td>14,325</td>
<td>13,501</td>
</tr>
<tr>
<td>Total contributions issued by Applied Materials Foundation based on Time Grant hours</td>
<td>46,600</td>
<td>42,900</td>
<td>36,100</td>
</tr>
</tbody>
</table>

1 Data is for fiscal year.
Going Green and Sustainable

Urban gardening projects, tree planting activities and events encouraging sustainable practices received Applied support in 2016. Encouraging people of all ages to take advantage of outdoor activity to benefit themselves and the community is a small but impactful step toward creating a more sustainable and environmentally-friendly future. Applied’s efforts to promote a “green lifestyle” spread throughout the U.S., Europe, the Middle East and Asia.

The Backyard Growers in Gloucester, Massachusetts expanded their school garden programs while Israel’s Moatza le Shimur Atarim organic vegetable garden at the Pardesanut Museum involved children working the soil to grow fresh produce. Veggielution in San Jose piloted a middle school program to introduce students to the impact of sustainable agriculture on their health and the environment. In Austin, the Sustainable Food Center incentivizes low-income families to participate in gardening and healthy cooking classes to promote long-term wellness.

As part of Earthworks, an annual internal campaign at Applied Materials to raise awareness of environmental issues and action, employee volunteers and their families worked on conservation activities on Mt. Fuji in Japan, helped create a forest in the Tancheon Wetland in Korea, and replanted pine trees in fire-ravaged Bastrop State Park with the Nobelity Project in Austin, Texas.

Getting out of cars and onto the streets, employees in Alzenau, Germany and Silicon Valley, California participated in Bike to Work Days to spare the air and get some exercise. In Israel, employees and family members joined Etgarim’s bike ride to support the organization’s goal of engaging people of all abilities in outdoor sporting activities.
In Taiwan, more than 8,000 community members attended the 15th annual Applied Materials Arts Festival featuring an array of musical performances and arts and cultural heritage lectures.

Increasing Access and Understanding

The arts bring people of diverse backgrounds together in shared experiences that cross boundaries, broaden perspectives and fuel innovation. Applied Materials and its Foundation are proud to support a portfolio of cultural institutions and events that help make our shared communities places people want to live, work, play and participate in the arts.

In 2016, the Applied Materials Foundation helped launch new and unique arts programming. We served as presenting sponsor of the inaugural Cape Ann Plein Air event in Gloucester, Massachusetts, attracting 170 artists to the picturesque seaport for a week of creativity and competition. In San Jose, California, Applied helped ensure that a set of oversized Musical Swings, which produce musical notes based on the participants’ interactions, was installed in a public park in the city’s center for use by visitors of all ages. The San Jose Museum of Art, supported by the Applied Materials Foundation, secured the prestigious Cooper-Hewitt Design Triennial exhibition, Beauty, for its first and only West Coast viewing.

By supporting arts education and public access programming, Applied helps shape the audience of the future. In Taiwan, more than 8,000 community members attended the 15th annual Applied Materials Arts Festival featuring an array of musical performances and arts and cultural heritage lectures. The Ziker Theatre in Austin benefitted from Applied underwriting admission to a summer production of Shrek for families, while Flathead Valley residents in Montana took advantage of free Glacier Symphony and Chorale concerts.
Empowering Neighbors in Need

As an engaged corporate citizen, Applied Materials works to improve the lives of our most vulnerable community members. Funding or managing specific programs to feed the hungry, provide safe housing and respond to natural disasters were included in our 2016 activities.

Applied employees in the U.S., India, Japan, Singapore and Taiwan are working to alleviate hunger in regions near our facilities. Through employee personal donations, which are matched by the Foundation, as well as programs to pack and distribute food items, Applied helps feed needy neighbors in our local communities.

In 2016, more than $500,000 was committed to increasing access to nutritional food for hungry families, seniors, and individuals. In its 12th year, in 2016, the Applied Materials Silicon Valley Turkey Trot attracted 26,000 walkers and runners, including 480 Applied Materials employees, who navigated 5K and 10K courses to raise over $900,000 for Silicon Valley safety net organizations.

To ensure safe, appropriate housing for those in need, Applied has supported organizations including Ireland’s Dublin Simon Center, the Housing Trust of Santa Clara County, and the House of Refuge in Mesa, Arizona. Employee volunteers have also collaborated with Habitat for Humanity in Austin, Texas and in the Flathead Valley of Montana to construct new housing units for families.

Near Bangalore India, Applied sponsors a United Way Model Village that improves the livelihood of Kolar District residents through a multi-pronged approach that includes access to potable water, holistic education for youth, and training and seed funding for women interested in increasing their income through entrepreneurship.

In Singapore, the Company’s work with the Community Development Council (NECDC), resulted in Applied receiving the prestigious People’s Association Community Spirit (PACS) Excellence Award 2016. This annual award recognizes exemplary organizations that have demonstrated remarkable service in building social capital and contributing to the community by supporting the People’s Association and its partner organizations.

Responding to humanitarian crisis in the aftermath of disasters in regions near Applied facilities remains an important component of our commitment to social responsibility. In 2016, the Applied Materials Foundation awarded grants to Habitat for Humanity to support its relief efforts following flooding in Chennai, India and to the Red Cross Society to assist with earthquake recovery in area surrounding Tainan, Taiwan.
As a company built on innovation, Applied Materials understands the importance of increasing the number of young people interested in science, technology, engineering and math (STEM). While supporting STEM programs, we also recognize the role of a strong academic foundation in preparing the technological leaders of tomorrow.

Because reading on grade level is a critical indicator of future academic success, Applied invests in programs focused on increasing early literacy and access to books. This year, we funded the China Population Welfare Foundation’s reading rooms for elementary students in Shaanxi Province, BookSpring in Austin, and the Start Making a Reader Today (SMART) program in Hillsboro, Oregon. Other literacy and library programs are supported in Tainan, Taiwan; Kalispell, Montana; San Jose, California; and Israel.

With the goal of ensuring educators have the tools and training needed to provide high quality instruction in classrooms, Applied invests in a variety of professional development programs for teachers working near Company sites in Montana, Oregon, Texas and California. Applied funding for Teach for Taiwan supports the organization’s efforts to recruit promising leaders to teach in rural elementary schools, while in Israel, employees dedicate significant time and resources to a local elementary school.

To encourage hands-on learning and the exploration of new ideas, Applied helped fund the Singapore Science Centre to develop a makerspace and to support Praxis in Korea to create an arts education project for students in Incheon City. In Shanghai, the Applied Materials Future Science Star competition attracts hundreds of teens from across the city to design innovative science projects. In Israel, Applied ensures that the Ofanim science bus delivers hands-on science learning to children living in remote areas of the country.

In select cities in the U.S., Applied continued its long-term education initiative targeting student achievement in traditionally underserved neighborhoods. Detailed information on the progress of this fifteen-year effort in San Jose, California and Austin, Texas is available in the 2016 Education Initiative Report.
Applied Materials’ innovation begins with our people. The Company succeeds by achieving great results in an environment where employees do their best. This value is reflected in our culture of growth, diversity, safety and ethics. We foster personal and professional development opportunities for employees through Applied Global University, online interactive learning tools, guest speaker lecture series and various other programs.

At the end of 2016, Applied’s global workforce included approximately 15,600 regular employees (not including temporary workers or interns), spanning 82 locations in 17 countries.
Safety at Applied

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

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

Alzenau, Germany and Rehovot, Israel were both registered to OHSAS 18001 during 2016. Applied’s certification roadmap includes registration of three additional global manufacturing sites: Kalispell, Montana; Gloucester, Massachusetts; and Heimstetten, Germany. All non-registered sites utilize the same elements of the EHS Management System to align with appropriate environmental, health and safety practices globally.

The table below details the Company’s safety performance metrics for the past three fiscal years. We improved safety results from 2015 to 2016 through continued efforts and management focus on EHS. However, the Company received one notice of violation in Taiwan in 2016, resulting from a lack of safety coordination meetings with contractors and suppliers at the Applied Materials Taiwan Hsinchu offices, as required by Taiwan Occupational Safety and Health laws. This issue was quickly mitigated by Applied EHS staff.

<table>
<thead>
<tr>
<th>SAFETY PERFORMANCE¹</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total case incidence rate (TCIR)</td>
<td>0.70</td>
<td>0.69</td>
<td>0.55</td>
</tr>
<tr>
<td>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)</td>
<td>0.38</td>
<td>0.46</td>
<td>0.29</td>
</tr>
<tr>
<td>Number of work-related fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Worldwide</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TCIR</td>
<td>0.46</td>
<td>0.46</td>
<td>0.44</td>
</tr>
<tr>
<td>Injuries or illnesses resulting in days away from work, restricted work activity, or job transfer for every 100 employees (DART)</td>
<td>0.26</td>
<td>0.32</td>
<td>0.26</td>
</tr>
<tr>
<td>Number of work-related fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of office ergonomic evaluations performed</td>
<td>1,079</td>
<td>1,208</td>
<td>1,557</td>
</tr>
</tbody>
</table>

¹ Data is for each of the fiscal years.
Training and Development

The table below reflects the Company’s investment in formal internal workforce training over the past three years. We also support and encourage employees to develop their skills and knowledge in other ways including stretch, rotational and project assignments within the Company, often on cross-functional teams. Applied employees also benefit from educational offerings at local universities, through professional membership associations and via access to an in-house technical library.

<table>
<thead>
<tr>
<th>TRAINING &amp; DEVELOPMENT</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours of training per year per person by category: regular full-time employees (RFT), total (RFT, temps, contractors, interns)</td>
<td>41.5 RFT</td>
<td>41 RFT</td>
<td>41 RFT</td>
</tr>
<tr>
<td></td>
<td>28.5 Total</td>
<td>30 Total</td>
<td>30 Total</td>
</tr>
<tr>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>98</td>
<td>96</td>
<td>99</td>
</tr>
</tbody>
</table>

1 Every employee is encouraged to complete an annual performance evaluation. Following the performance evaluation, employees are also encouraged to set a development goal. In 2016, 73 percent of employees had a development goal in place.

Diversity and Inclusion

Diversity and inclusion are foundational to the Company’s successful global talent strategy to attract, develop and retain world-class employees. When the best and brightest minds come together, their opinions, experiences, and backgrounds enhance teamwork and deliver better ideas and innovations.

Our diversity footprint spans various cultures, backgrounds, ages, ethnicities and gender that help to weave a rich fabric of winning teams. Applied is working as an advocate to encourage more girls, women and ethnic minorities to participate in STEM (Science, Technology, Engineering and Math) education and explore careers in technology.
At Applied, we respect each individual, welcome diversity and embrace different perspectives as a key component of innovation.

The Company actively promotes a rich and inclusive culture of understanding, empowerment and success through its policies, programs and initiatives. These include engaging with local universities and students through recruiting and mentoring programs, community involvement, employee resource groups (ERG), and recognition programs and events around the world.

Our ERGs, for example, provide an open forum to express viewpoints or shared interests to strengthen our connections with each other and local communities. Applied sponsors more than a dozen ERGs, including Hispanics in Partnership; the Black Employee Network; Young Professionals Network; the Women’s Professional Development Network and LGBT and Friends called Applied Pride.

2016 diversity program highlights included:

Diversity and Inclusion days in Santa Clara, California and Austin, Texas offered guest speakers, interactive workshops, employee panels and an exclusive fireside chat featuring diverse male and female members of Applied’s Board of Directors who have deep technology and industry expertise and represent a range of work and life experiences. Key themes of Diversity and Inclusion Days included the importance of being bold and speaking up, appreciating differences to stimulate learning, and creating an inclusive and collaborative environment that is empowering and engaging.

African American and Hispanic ERG’s participated in student mentoring, community service and corporate philanthropic activities, including the Martin Luther King Youth Legacy Awards and scholarship program in Austin and Greene Scholars Program Science Fair in Santa Clara campus. In addition, Applied has supported the Breakthrough Collaborative partnership in Santa Clara and Austin for the past 15 years, helping more than 1,800 students become the first in their family to attend college.

A second military veteran ERG formed in Santa Clara, joining our existing group in Austin. Applied has a long history of recruiting at military bases and career fairs throughout the country in search of smart, innovative and dedicated team players who are looking to transition from military to civilian career opportunities. Additionally, the Company was recognized by Victory Media as a Military Friendly Employer for the 11th consecutive year recognizing Applied’s long-term commitment to hiring military professionals.
In 2016, for the fifth consecutive year, Applied was named a World’s Most Ethical Company® by the Ethisphere Institute, an independent center of research promoting best practices in corporate ethics and governance.

Ethics

Applied Materials maintains the highest ethical standard in our interaction with employees, customers, suppliers, competitors and the public. We make ethics a shared responsibility between the Company and our employees. More than just following a set of rules, it’s a long-term commitment to doing business the right way, every day. We want our employees throughout the world to understand how their daily behavior and decisions impact the Company’s reputation as a trusted business partner and responsible and ethical corporate citizen.

To reinforce our commitment to ethics, Applied Materials conducted numerous training reinforcement programs throughout 2016. Included among these was a multi-country “Ethics Tour” with visits to Company offices in China, India, Israel, Singapore and the U.S. The goal was to remind employees of key ethical policies and best practices, and make them relatable across all languages and cultures. The Ethics and Compliance team worked closely with business unit general managers and senior leaders in each country to develop interactive sessions that engaged employees while highlighting the importance of making responsible business choices every day. Additional Ethics Tour visits to Japan, Korea and Taiwan are planned for 2017.

Applied Materials also maintains Business Ethics Helplines, including toll-free phone numbers and an online form, globally and regionally in many local languages 24 hours a day, 7 days a week. These are confidentially administered by Navex, an industry leader for helpline solutions. Applied’s Ethics intranet site offers additional resources to help employees make responsible choices every day, including our Standards of Business Conduct and related policies, multiple training materials, FAQs and executive videos. Employees can also email the Ombudsman to raise an issue or ask a question. These tools help create an environment where employees feel empowered and safe to speak up if they see or suspect something might be wrong, and to be open and honest at all times.
Human Rights

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

<table>
<thead>
<tr>
<th>HUMAN RIGHTS</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number and percentage of operations that have been subject to human rights reviews or impact assessments, by country</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>

Public Policy

As a responsible corporate citizen, Applied Materials interacts with government officials, elected representatives and candidates to provide information about the Company, our business and stakeholders, including trade associations of which we are a member. These efforts, led by our Government Affairs group, aim to shape public policy on certain issues that affect the Company’s business. In 2016, these issues included budget and appropriations, energy, immigration, natural resources, regulatory, and tax and trade issues. The Company’s lobbying activities are disclosed in periodic reports filed with the U.S. Senate and U.S. House of Representatives or the appropriate state agency (such as the California Secretary of State, New York State Joint Committee on Ethics, or Secretary of the Commonwealth of Massachusetts), as applicable.
Consistent with U.S. campaign finance law, the Applied Materials, Inc. Political Action Committee (AMPAC) may make campaign contributions to candidates for state or U.S. federal office, other political action committees and political party committees where permitted. AMPAC is funded through voluntary contributions from the Company’s eligible employees (principally executives) and directors, although the Company pays its administrative expenses. Its activities are overseen by the AMPAC Board of Directors, consisting of Applied employees, including several Company vice presidents.

Applied’s state contributions committee (consisting of the same individuals who serve on the AMPAC Board) oversees corporate political spending at the state level. The Company occasionally makes financial and in-kind political contributions within the United States as permitted by applicable laws, such as contributions to candidates for statewide offices and state legislatures. All contributions must be made for appropriate corporate purposes only, without regard for the private political preferences of executives. Neither Applied nor AMPAC makes contributions to so-called “super PACs” nor do they make political contributions outside the United States.

Additionally, Applied belongs to various trade associations and similar organizations representing the range of issues the Company cares about and believes will benefit its business activities. More detailed information regarding political contributions or membership fees from Applied and/or its AMPAC can be found as part of the 2016 Political Disclosure Report.

<table>
<thead>
<tr>
<th>POLITICAL CONTRIBUTIONS</th>
<th>2014</th>
<th>2015</th>
<th>2016(^2)</th>
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</thead>
<tbody>
<tr>
<td>Total value of financial and in-kind contributions by Applied Materials, Inc.(^1)</td>
<td>$6,500</td>
<td>$0</td>
<td>$30,000</td>
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<tr>
<td>Total value of financial and in-kind contributions by AMPAC(^1)</td>
<td>$68,000</td>
<td>$70,000</td>
<td>$68,500</td>
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</tbody>
</table>

\(^1\) All contributions are made in the U.S. only.

\(^2\) Detailed 2016 contributions by Applied and AMPAC can be found as part of the 2016 Political Disclosure Report.
Legal Disclosure

Safe Harbor Statement. This report contains forward-looking statements, including those regarding Applied's industries and markets, performance, operations, strategies and goals, and other statements that are not historical facts. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, and are not guarantees of future performance.

Information concerning these risks and uncertainties is contained in Applied's most recent reports filed with the Securities and Exchange Commission. All forward-looking statements are based on management's estimates, projections and assumptions as of June 29, 2017, and Applied undertakes no obligation to update them.

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APPENDIX

RESOURCES AND REFERENCES

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

- 2016 Annual Report with 10-K
- Awards and Recognition
- Carbon Disclosure Project (Annual Water Use and Greenhouse Gas Emissions Reports)
- Conflict Minerals Policy and Reporting
- Corporate Governance
- Corporate Responsibility
- Corporate Responsibility Reports
- Environmental, Health and Safety Policy
- How We Do It (A primer regarding our business, products, and industries we serve)
- ISO Certifications
- 2016 Political Disclosure Report
- Press Releases
- Organizational Profile
- Transparency in Supply Chains Act

If you would like more information about Applied Materials, visit our website at www.appliedmaterials.com.
If you have specific questions or comments on the content of this report, contact our sustainability reporting team at: corporate_responsibility@amat.com.