

## Applied Materials 2019 Scope 3 Emissions Baseline Methodology

The table below describes the methodology employed by Applied Materials to calculate our Scope 3 emissions, calculated in accordance with the GHG Protocol. Applied will continue to review our Scope 3 methodology each year to continuously refine the calculations, emission factors, data, estimates and underlying assumptions. Updates to the methodology will be tracked and reported for subsequent years.

Applied accounts for the following greenhouse gases in our scope 3 calculation:

Scope 3 Category	Methodology Description
Category 1: Purchased Goods and Services	Spend-based analysis of total 2019 direct and indirect spend using 2019 U.S. EPA EEIO factors
Category 2: Capital Goods	Spend-based analysis of total 2019 capital spend using 2019 U.S. EPA EEIO factors
Category 3: Fuel and Energy Related Activities	Average-data method using total 2019 energy consumption by source and 2019 DEFRA fuels and T&D emission factors. Well-to-tank (WTT) emissions from Transmission & Distribution (T&D) losses are not included.
Category 4: Upstream Transportation and Distribution	Spend-based analysis of total 2019 transportation and distribution spend by mode (air, ocean, ground) using 2019 U.S. EPA EEIO factors
Category 5: Waste Generated in Operations	2019 waste tonnage by disposal method using relevant 2019 DEFRA waste emission factors. Represents data from over 80% of sites by square footage.
Category 6: Business Travel	<ul style="list-style-type: none"> <li>Air travel calculated using total 2019 distances traveled by cabin type using relevant DEFRA business travel emission factors</li> <li>Hotel stays based on total number of nights using the 2019 DEFRA hotel stay emission factor</li> <li>Vehicle rentals based on total 2019 spend using a 2019 U.S. EPA EEIO factor</li> </ul>
Category 7: Employee Commuting	<ul style="list-style-type: none"> <li>Estimated using total 2019 employee headcount by region</li> <li>Assumption on proportion of employees in each region commuting by various transportation modes and average distances travelled (based on country census or commuter survey data)</li> <li>Calculated using the relevant 2019 DEFRA transportation mode factor</li> </ul>

Category 8: Upstream Leased Assets	Includes leased vehicles and equipment with total 2019 fuel consumption or mileage using 2019 DEFRA fuel and vehicle factors. Where fuel consumption or distance is not available, estimates are used based on number and type of vehicles.
Category 9: Downstream Transportation and Distribution	<ul style="list-style-type: none"> <li>• Estimated using total shipped units in 2019 with an average weight per unit and a breakdown of which global regions they were shipped to</li> <li>• The average distance per unit was estimated using the most common shipping locations.</li> <li>• The mode of transport breakdown was based on available outbound data</li> <li>• Calculated using the relevant 2019 U.S. EPA ton-mile factor</li> </ul>
Category 10: Processing of Sold Products	Not applicable - Applied's products are not processed by customers
Category 11: Use of Sold Products	<ul style="list-style-type: none"> <li>• Calculated based on 2019 sold units using the SEMI S23 standard to model Applied semiconductor tools' annual energy consumption across product categories, multiplied by an average 10-year product lifespan.</li> <li>• Emissions in this category include the energy, chemicals and gases used by Applied semiconductor tools as well as the ancillary equipment required to power the tools.</li> <li>• Also includes emissions from the combustion of natural gas in point-of-use abatement systems where applicable.</li> <li>• Does not yet include emissions from refurbished tools, nor from Applied's Display business (which represented 11% of total net sales in 2019) or other products. We will incorporate these emissions estimates in future reporting years.</li> </ul>
Category 12: End of Life Treatment of Sold Products	<ul style="list-style-type: none"> <li>• Based on total weight of 2019 sold units</li> <li>• Uses an assumption on primary material composition of products</li> <li>• Calculated using relevant 2019 DEFRA waste factors</li> </ul>
Category 13: Downstream Leased Assets	Not applicable – Applied does not lease out any assets
Category 14: Franchises	Not applicable – Applied does not have any franchises
Category 15: Investments	Based on investee business sector, total 2019 revenues, and % ownership stake mapped to US EPA EEIO sector spend-based emission factors. For 2 (out of 27) companies where company revenues were not available, averages were used based on the other companies' revenues.