

Organizations' Brief, sustainable developmental goals SDG Impact, Thematic Area, Target Population, Scale, Scalability and Replicability, Sustainability, Innovation, Budget, and Impact.

Mahatma Awards 2024

Cadence Design Systems Entry

Organization's Brief

For over 30 years, Cadence has been innovating leading-edge, groundbreaking electronic design technology that improves the lives of people around the world. We enable the world's leading electronics providers to optimize their power, space, and energy needs to create products with a lower carbon footprint. Cadence's computational software expertise and innovative software, hardware, and IP products uniquely position us to solve some of our customers' toughest design challenges including the impact of electronics on our environment. In addition, the company's One-Team culture is a force in the industry, where Cadence is a champion for diversity, equity, and inclusion and improving opportunities for under-represented people in STEM.

Our technology is applied across a wide array of critical market applications, including hyperscale computing, 5G communications, automotive, mobile, aerospace, consumer, industrial, healthcare, and life sciences. In 2023, we continued to build our generative Cadence.AI portfolio, comprising the industry's broadest AI offerings spanning chip to board to system and delivering exceptional optimization and productivity benefits. Accelerating momentum of our Cadence.AI portfolio has led to an almost tenfold increase in customers adopting our generative AI solutions in 2023, as they embrace the technology to develop optimized products much more efficiently.

We also made strategic acquisitions which further increase the impact of our innovation on sustainability for system design. Climate change is one of the most significant challenges of our time, and we are committed to our target to reach Net-Zero by 2040. Early on we aligned our carbon reduction targets with the goal of limiting global warming to the Paris Agreement's 1.5°C pathway, and we are on track to halve greenhouse gas (GHG) emissions by 2030. In 2023, we submitted our GHG reduction targets to the Science Based Targets Initiative (SBTi) for validation, procured 97% renewable energy for our global operations, and are a CarbonNeutral® certified company for the third year in a row. While we're excited by our progress, we continue to invest in value chain engagement around decarbonization through our full value chain to achieve Net-Zero by 2040.

We're honored to be recognized for our One Team culture, including #9 on Fortune's World's Best Workplaces list, The Wall Street Journal's Best-Managed Companies, the Human Rights Campaign Equality 100 Award for LGBTQ inclusion, and Global Semiconductor Alliance's (GSA) Designing the Difference Award.

The Cadence Giving Foundation focuses on investments that drive impact and create a more just and equitable world for our communities. In 2023, the Cadence Giving Foundation invested in practices that will mitigate and reduce rising temperatures in communities most impacted by climate change. The Foundation partnered with the Clinton Health Access Initiative (CHAI) to provide funding and technology for an effort expected to mitigate 60GT of CO2 emissions by 2050—a year’s worth of current emissions for the entire planet. The Foundation also launched its FEM.AI initiative, building an ecosystem to support women to access and thrive in tech careers. And, our eighth annual Season of Giving included nearly 2,000 employees from 37 cities volunteering 5,700 hours for 50 volunteer projects.

Our employees are at the center of everything we create and the business success we achieve. Cadence is committed to maximizing innovation by fostering an environment where all employees have an equal opportunity to share their ideas and to be heard. Fostering a high-performing, inclusive culture is a foundational tenet of our business strategy. This includes extending diversity through inclusive business practices for recruiting, training, career advancement support, supply chain, pay equity, and enabling inclusive communities. We are also doing meaningful work to empower the next generation of STEM talent in partnership with our local communities and universities. Our employees are driven by a shared sense of purpose to do good for our customers, communities, and each other.

Cadence Cares Company Programs

The Cadence Giving Foundation

Cadence understands that the success of our business depends upon the success of our employees and the communities in which we live and work. To expand the impact, commitments, and legacy of our company giving initiatives, in 2021, we formed the Cadence Giving Foundation. The Cadence Giving Foundation promotes the power of technology to support critical needs in our global communities like diversity and inclusion, environmental sustainability, and STEM education. In 2023, the Cadence Giving Foundation supported \$5M in philanthropic gifts, 14,000 hours of employee volunteering and \$898,462 in matching gifts.

The Cadence Giving Foundation focuses on three key pillars—the environment and sustainability, DEI in science, technology, engineering, and math (STEM) access, and impact in the communities where we live and work. It is important that we create meaningful opportunities for employees to connect and contribute to their community. We provide 40 hours of paid volunteer time off annually, charitable contribution matching, companywide volunteer campaigns, and international service immersion projects. Additionally, this year we launched our Dollars for Doers and Impact Grants to allow employees to access Cadence Giving Foundation funds for the causes they are passionate about.

Pledge 1% Alliance

In 2023, we have continued our commitment to the Pledge 1% alliance, a global movement to inspire, educate, and empower companies to effectively leverage their financial assets,

employee time, and individual technology for positive social impact. We are proud to be in partnership with other leading companies that are committed to driving change and equity

We believe it is important that we create meaningful opportunities for employees to connect and contribute to their community. We provide 40 hours of paid volunteer time off annually, charitable contribution matching, company-wide volunteer campaigns and international service immersion projects.

Cadence invests \$50 Million to Support Racial Equity

Cadence is making a \$50 million USD purpose-driven investment in an impact investment program managed by RBC Global Asset Management (RBC GAM) to address racial wealth inequities in affordable housing, home ownership and small business. In partnership with RBC GAM, Cadence will invest in an impact investment strategy that seeks to positively support underserved Black and Latinx individuals and communities nationally, including those in the San Francisco Bay Area, CA; Austin, TX; Columbia, MD; the New York Metropolitan Area; Boston and Burlington, MA; Research Triangle Park in Raleigh, NC; and Pittsburgh, PA—locations where Cadence has significant operations and a community presence. Additionally, a portion of Cadence’s investment will be focused internationally on projects aimed at supporting women and people of color as well as climate justice initiatives.

Season of Giving

This year Cadence hosted our 8th annual Season of Giving, unifying our efforts across the globe to volunteer all quarter-long. Over 60 Cadence employee volunteer leads planned and executed 60 volunteer projects in 37 cities across the world engaging 1,900 employees (that’s nearly 20% of the company). Altogether, Cadence donated more than \$275,000 in charitable contributions and 5,700 hours of employee volunteer time to complete these projects.

This year’s volunteer projects cover a wide range of areas that are employees are most passionate about including sorting, packing and distributing meals, coastal cleanups, tree planting, public space and playground restoration, working in animal shelters, supporting kid and adults with learning disabilities or complex needs, distributing warm winter clothing, providing access to quality healthcare and medical treatments, working in women’s shelters, supporting mental health and wellness, and wetland ecosystem restoration.

Cadence’s Season of Giving is a testament to our company’s ongoing commitment to volunteering and impacting our community, and we are proud to see our employees making a difference in their communities.

Enabling Education for Disadvantaged Students

Team4Tech

For the sixth year, we have partnered with Team4Tech to give our time, talent, and resources to support quality STEM education for disadvantaged youth, helping develop critical skills that can enable their career and give them opportunities for a brighter future.

In 2024, our employees have partnered with two exceptional nonprofits dedicated to setting local youth up for success in their educational and professional endeavors. Earlier in the year, 11 employees volunteered with PEPY Empowering Youth, a nonprofit organization that provides professional development training to youth in Siem Reap, Cambodia. In the Fall, a second team of employees will volunteer with Brazil's Arrastão Project, which supports socially vulnerable families through holistic services, including youth training and entrepreneurship. Altogether, our employees will have provided over 00 hours of pro-bono services, which impacts over 1,000 young learners in these regions.

S.O.U.L Foundation, Uganda

In 2022, Cadence had our eighth project with Team4Tech and S.O.U.L. Foundation in Uganda, a nonprofit to foster sustainable and vibrant Ugandan communities through unique partnerships focused on education, women's empowerment, food security, and maternal health. A team of 16 Cadence employees from Brazil, India, and the United States volunteered virtually to create online access to its learning materials for their sponsorship program, tailoring class, and maternal health class by supporting ICT training. One of the sub-teams developed an online/offline learning platform that integrates into S.O.U.L. Foundation programs which impact 40 local communities, 14,000 Ugandans across two rural districts, and 1000+ students within the mentorship program.

RefuSHE, Kenya

In Fall 2022, Cadence employees teamed up with RefuSHE, a nonprofit based in Kenya, to support refugee girls and women by developing two important projects: a new e-learning and wellness website that's also mobile-friendly and revamping their flagship education model, the Girl's Empowerment Program. RefuSHE supports vulnerable women refugees through unique programs that provide equal access to safety, education, and economic prosperity. A group of six employees developed a fully functioning e-learning and wellness platform for RefuSHE users with low literacy levels. This platform will help participants learn the foundations of running a small business, vocational skills, and introduce them to the importance of mental health support. In parallel, the other cohort worked collaboratively to redesign the Girl's Empowerment Program with the development of a detailed three-year roadmap. By designing new programmatic, operational, and fundraising recommendations and building sustainable exit strategies, this group of volunteers was able to improve a program that will have a lasting impact on the RefuSHE community. The RefuSHE project impacted over 450 learners, totaling over 2000 hours of pro bono consulting, valued at \$420,000.

Supporting Diversity, Equity, and Inclusion

Cadence made contributions to a number of nonprofits with programs that create opportunities for underrepresented groups, including students of color, low-income students, first-generation college students, women and girls, veterans, and LGBTQ+ to pursue careers in technology. The efforts of our nonprofit partners will help build a more diverse pipeline in tech.

Cadence Inclusion Group Donations

This year, our Inclusion Groups also nominated organizations that make direct impacts to their communities as donation recipients.

Cadence's Asian American and Pacific Islander (AAPI) Inclusion Group made donations to Stop AAPI Hate, Asian Law Alliances, as well as APA Family Support Services. These contributions will support the stop of violence as well as provide tools and resources to prevent domestic violence, particularly among children in the community.

Our Black Inclusion Group chose to donate to United Negro College Fund as well as Hidden Genius Project. Both of these organizations are dedicated to providing transformative opportunities for Black youth in our communities by lowering barriers to entry at universities and providing mentorship surrounding technology creation, entrepreneurship, and leadership skills.

Cadencia, our Latinx Inclusion Group, donated to The Hispanic Foundation of Silicon Valley. This foundation is dedicated to empowering the lives and futures of Latinos in Silicon Valley through community philanthropy, investment in educational excellence, leadership development, and the convening and engaging of the region's dynamic Hispanic community.

Our Veterans Inclusion Group selected Wings of Hope and the Pat Tillman Foundation, two organizations that strive to help Veterans in need. Wings of Hope is comprised of volunteer pilots who offer their unique skills to provide medical relief and air transport. They also connect STEM curriculum to middle school and high school students through hands-on opportunities in the world of aviation. The Pat Tillman Foundation identifies remarkable military service members, veterans and spouses, empowering them with academic scholarships, lifelong leadership development opportunities and a diverse, global community of high-performing mentors and peers. These scholars are making an impact as they lead through action in the fields of healthcare, business, public service, STEM, education and the humanities.

For the third year in a row, Cadence sponsored Silicon Valley Pride on behalf of the LGBTQ+ Inclusion Group. Our contribution helped support their annual LGBTQ+ Parade and Festival. Cadence employees also joined the parade and walked the route carrying inclusive, Cadence-branded signage, expressing our support of the LGBTQ+ community.

Finally, Cadence Abilities, our Inclusion Group for employees who have a disability or identify as neurodivergent, donated to Disability Rights Fund. Their mission is to provide financial and technical resources to local programs that support the disabled and neurodivergent community.

Through Cadence's Global Gift Matching program, additional contributions made by individual employees were matched by Cadence at 100%.

Girls Who Code

For the seventh year in a row, we partnered with Girls Who Code to provide a virtual Summer Immersion Program for female-identifying and non-binary high school students across the US. Cadence hosted 50+ students in a virtual classroom over two weeks, where Cadence employees and interns shared their experiences about their journeys in the field all while navigating a male-dominated industry.

Out in Tech

Cadence joined Out in Tech's corporate council to unite with a network of companies dedicated to fostering inclusion for the LGBTQ+ community. Our contributions also help fund their 16 chapters as well as programming for 40,000+ members, giving our employees opportunities to participate in learning and development events and mentor LGBTQ+ youth.

Black Girls Code

We support Black Girls CODE and their network of girls interested in pursuing careers in STEM. Black Girls Code provides their students with crucial opportunities to engage in STEM programs and workshops through local schools.

Vets in Tech

We support Vets in Tech in their mission to provide transitioning military, Veterans, and spouses with re-integration services and to connect them to the national technology ecosystem.

Innovating for Sustainability

Cadence is committed to being good stewards of our planet and enabling sustainable design. In 2023, Cadence invested more than \$1M and established partnerships with American Forests, Clean the World, Elemental Excelsior, One Tree Planted, Our City Forest, The Ocean Foundation, and Wetlands International.

Cadence is committed to nature conservation and sustainable practices for the planet's well-being today and every day. Our ability to make a meaningful impact hinge on forming partnerships with impactful organizations like these.

AmazoniaHack

Cadence was a proud sponsor of AmazoniaHack, a virtual open hardware hackathon to learn about and explore creative applications of hardware solutions to contribute to the global fight against deforestation.

Cadence provided tool access to the Cadence OnCloud, a SaaS software platform for system design and simulation needs that can operate on any hardware, removing the requirement to run and maintain expensive infrastructure hardware. Cadence employees from Brazil were available to provide support to hackathon participants through online mentoring during the event.

India Corporate Social Responsibility Programs 2023-2024

Cadence has a significant presence in India with more than 3,500 employees across four offices. We have several long-standing CSR programs in the community. The sections below highlight our 2023-2024 updates, and impact prior to those dates.

Cadence Scholarship Program: Overview

Cadence Design Systems (India) Private Limited and Concern India Foundation conceptualized the higher scholarship program to address the issue of retaining talented students from the economically weaker section of the society in the academic cycle for better livelihood.

Over the years, while reaching out to the youth in marginalized communities, the team came across many deserving students who are keen on pursuing higher education but do not have the financial resources, especially for an engineering/technical course with huge fees, a significant deterrent for them.

The Program has an expert team who identifies suitable students by following a rigorous due-diligence process, counselling, research on the courses and admission process to help the students make an informed career choice and continue monitoring the student's academic performances. All-encompassing support, including mentoring and life skill sessions, is provided to ensure that beneficiaries reach their highest level of personal achievement.

One of the unique aspects of the Program is mentorship. Cadence employees act as mentors, ensuring regular meetings with the students to track their progress and to ensure that they remain motivated through the entire course of study. This mentorship is critical to the success of the Program. Cadence India employees are requested to volunteer as mentors for the selected students as part of the Cadence Scholarship Program. This request received an overwhelming response, and employees came forward in large numbers to help in the noble cause of helping the children gain a bright future. This passion, fervor, and drive are characteristic of the employees of Cadence towards social service and giving back to the community.

Impact: Our accumulative reach so far has been 500+ students across Delhi NCR, Bangalore, and Pune, enabling them to pursue various degree/professional courses like B.Tech., MBBS, BDS, Hotel Management etc. In 2023-24, 299 students received the Scholarship from across all the regions. Till now, 215 scholars completed their courses, and 150+ have received job placements. These scholars get placement in IT firms, reputed Schools, NGOs, Corporates like Pantaloons, Lenergizer, OYO, Accenture, and ANH Engineering etc.

Other Projects Implemented by Concern India Foundation

- **Saksham, Noida, Uttar Pradesh** is a project for differently abled children (children with multiple disabilities). The project interweaves extracurricular activities, therapy, and counselling of parents & children with academic support. Inclusive education to differently abled children has enabled One hundred and thirty-two (132) differently abled children to move towards a life of independence through functional & vocational skills in 2023-24. Online classes enabled twenty-eight (28) outstation children to attend sessions regularly. 13 informative sessions and workshops were organized with parents on computer skills, speech therapy, braille reading and writing, and early intervention sensitization, 134 parents actively participated in these sessions. 2 students got admission in IIM, Rohtak and IIIT, Kota.
- **Vidya & Child, Noida, Uttar Pradesh:** The project focuses on ensuring that every child undergoes schooling at least until the eighth grade. The school based in Noida also ensures academic support coupled with extracurricular activities and teacher training. The students are encouraged to pursue education post-8th grade too. The project has a special focus on supporting education of the underprivileged children of laborer and from slums. In FY 2023-24, 267 underprivileged children benefited from the education. 87% of children regularly attend school online and are regularly followed up by the teachers of Vidya and the child. 87% of parents actively engaged in their child's education. The teachers conducted home visits with 356 students. 21 teachers attended training on math, EVS, Hindi, English, and SST and enabled for effective delivery of content across subjects using different teaching aids including digital content. Eighty-nine (89) career counseling sessions were held for children of class 10th and 12th students and guidance was provided for their best career possibilities and relevant higher education plans.
- **Garden City Jeevitha Anathashrama, Bangalore, Karnataka:** The project works with destitute or from single-parent families. Under this project, end-to-end support is provided to all students at Jeevitha including stay, food, health care and academic support. In FY 2023-24, Sixty-nine (72) children were supported with regular counseling sessions, life skills sessions and various other activities organized at the center. Regular attendance (99%) in the schools and support of after school has resulted in better student

performance. Ten (10) children scored above 95% in their studies, the (3) children received scholarship support. 90% of children showed improvement in the management of emotions and resilience through counselling sessions. Ninety (90) coding sessions were conducted for 36 children and provided information about a series of educational sessions for children that covered programming languages like Scratch, Python, JavaScript, and Thinkable programs.

- **Concern India Foundation:** STEM Labs got established in schools aiming to transform the way Math and Science are taught. These labs provide teachers with dynamic tools to engage students actively and foster a deeper understanding of scientific principles. STEM labs established in 9 schools of Delhi/NCR and Bangalore. The initiative includes equipping schools with comprehensive STEM kits tailored for grades 5-10, comprising 80 models aligned with the curriculum. The project is benefitting 11,798 students and 42 teachers.

Projects on Environment and sustainability FY 2023-24

- **CARE India:** Cadence in collaboration with CARE India is implementing a program to enable poor households to switch from traditional cooking practices to clean and environment-friendly alternatives with an increase in awareness and adoption of 'improved cook stove' (ICS) or other clean energy options by capacitating women from the community to participate in decision making and influencing various stakeholders. This project is being implemented in urban, peri-urban areas of Bangalore and endeavors to benefit 5000+ households
- **Saahas:** To cater to the dire need of proper solid waste management in urban slums, Cadence has joined hands with Saahas to implement a sustainable solid waste management intervention in slums and low-income communities of Bengaluru and processing of biodegradable waste in bio-methanation system. The project areas are J.D. Mara slum located in J.P. Nagar and Kormangala in Bengaluru. Most of the community members in this area work as sanitation staff, domestic help etc.
- **Give Me Trees:** Cadence and Give Me Trees Trust are working on creating dense urban tree clusters in the heart of Noida (Delhi/NCR). As a part of this project, 12,500 native species of trees are being planted and maintained for 3 years until they become self-sufficient. After a few years, this area will be become a dense cluster of trees and will play an important role in enhancing the biodiversity of the area.

New projects initiated in FY 2024-25

- **Research and Extension Association for Conservation Horticulture and Agro-forestry (REACHA):** Cadence is supporting REACHA in implementing coding for girls project wherein the program aims at training the local youth to become coding instructors, who then go on to teach coding (Scala language) to 400 girl students in schools. The program primarily focuses on developing coding skills among girl child at an early age. A key goal

of the project is to take essential 21st century skills to tough and remote geographies of India where the need is real, and the youth (specially girls) are wanting and waiting for a genuine opportunity to learn and grow.

- **CII Foundation:** Cadence has collaborated with CII Foundation for a project that aims to curb the incidence of farm Stubble (Parali) Burning (a major environmental hazard in North India) through crop residue management and promoting sustainable agriculture. The program intends will be focusing on working with 1500+ farmers across 10 villages in Haryana.
- **NASSCOM Foundation:** The Climate Tech Challenge, in collaboration is an initiative aimed at accelerating innovation in climate technology. This program will support two mid-stage startups with proven technologies in the climate-tech space, focusing on achieving social development compatibility and market presence to create a sustainable impact on climate parameters. The primary objective of the Climate Tech Challenge is to support mid-stage climate-tech innovations, enabling them to scale their solutions and achieve significant market presence while creating tangible climate impact.

Sustainability at Cadence

Stakeholder input informs our priorities as we strive for continuous improvement towards a sustainable future. During 2022, we build on stakeholder engagement and material review processes that were initiated in 2019.

Our senior group director of Corporate Social Responsibility chairs a cross-functional team consisting of internal leaders in Human Resources, Facilities, Finance Procurement, Marketing, and Legal. Each of these leaders raises ESG priorities for implementation and reporting based on stakeholder feedback. This feedback informs our sustainability and reporting strategy.

Material Topic	SDG	SDG Targets and Cadence Indicators
Environmental Sustainability	7.2	Renewable energy/electricity used (%)
	8.4	Energy use (GJ)/FTE and CO2e (metric tons)/FTE
	12.2	Water consumption and withdrawal in water stressed areas
	13.2	CO2e (metric tons)
	15.a	Capital invested in biodiversity
Innovation	7.3	Energy use (GJ)/Revenue (\$ Million)
	8.1	YOY revenue growth (%)
	9.a	Charitable giving

	9.4	CO2e (metric tons)/\$ Million revenue
	9.5	R&D spend as a proportion of revenue
	12.2	Energy use (GJ)
Governance	12.6	Annual ESG reporting
	16.3	Annual Code of Conduct certification rate for FTEs (%)
	16.5	Annual Anti-corruption training completion rate for FTEs (%)
Workforce	3.7, 3.8	FTEs offered health insurance that includes reproductive health-care services (%)
	5.1	Pay equity
	5.5	Proportion of women in managerial positions
	8.3	Female/Male employees (%)
	8.5	YoY FTE growth rate (%)
	8.8	Injury rate
	8.b	Early career hires (%)
	16.b	Annual non-discrimination training completion rate for FTEs (%)
Data Privacy and Cybersecurity	9.1	Number of data breaches
	16.5	Completion rate of annual employee anti-bribery training (%)
Sustainable Supply Chain	8.3, 10.2	Total procurement spend on diverse suppliers (%)
	8.7	Completion rate for UK Modern Slavery Act training (%)
	9.3	Total procurement spend on small business (%)
	12.7	New suppliers screened using social and environmental criteria (%)
	13.2	Scope 3 GHG emissions
	16.3	Suppliers that responded to conflict minerals survey (%) Suppliers that have company policies to adhere to local laws and regulations (%)

To validate our priorities, we conduct gap analysis referencing SASB, TCFD, and GRI Standards, CDP, ISS, RBA, and Nasdaq questionnaires. Further we continued to conduct benchmark analysis considering industry peers. While we address sustainability issues across the materiality spectrum, our cross-functional team identified the following topics as particularly significant to our company in our latest materiality assessment.

Across each of our material topics, our sustainability programs are aligned with the UN’s Sustainable Development Goals (SDGs), and we continue our work to harmonize targets and indicators with the SDGs. We partner with strategic stakeholders to achieve the Goals through our programs.

Environmental Sustainability

Environmental sustainability is important to Cadence, our employees, and our stakeholders. With the endorsement of our executive management and Board of Directors, our senior group

director of Corporate Social Responsibility oversees our environmental programs – collaborating with internal and external stakeholders to produce results. Our cross-functional ESG team identifies and manages climate-related risks and opportunities related to our operations, data centers and suppliers, while advancing the sustainability impact of our products and services is a key component of our innovation process.

Environmental Strategy

In the reporting year, we framed our commitments in our Environmental Policy and Environmental Management System (EMS) while also expanding our climate-related risk assessments—the result of which can be found in our TCFD Index.

Cadence’s Environmental Management System (EMS) aims to achieve our goals through:

- Pursuing continuous improvement in environmental and social performance.
- Managing energy and greenhouse gas (GHG) emissions from our global operations and supply chain.
- Incorporating environmental sustainability and decarbonization considerations into our business strategy, processes, and product design and development.

Specifically, we will:

- Identify, measure, and manage the environmental impacts of our operations and products.
- Establish targets to reduce our environmental impact, report on these targets annually, and strive for continuous improvement.
- Comply with all applicable environmental laws and regulations.
- Encourage and promote responsible sustainability throughout our value chain, aligning ourselves with other best-in-class companies that are committed to combatting climate change and engaging in decarbonization actions.
- Communicate this policy and our environmental programs to employees and other stakeholders.
- Plan to provide education and training to employees on environmental issues and the environmental effects of our activities.

EMS

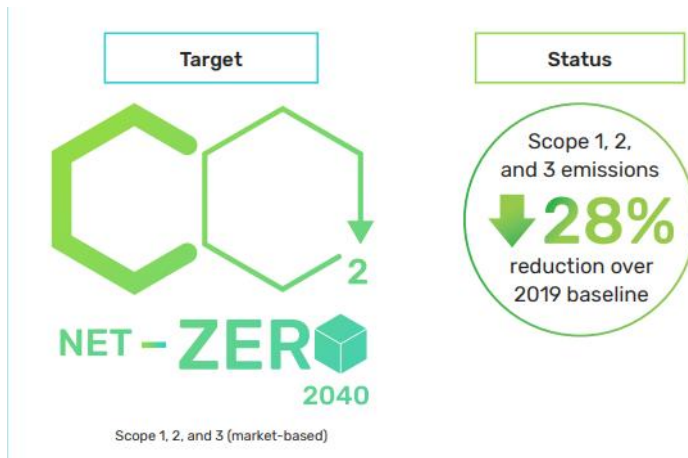
Cadence’s Environmental Management System (EMS) is designed to set, manage, and achieve our environmental sustainability goals. Priorities are informed by continuous stakeholder engagement and our climate risk assessments. We exercise due diligence in our environmental programs including internal reviews and external verification of GHG data.

Identify, measure, and manage the environmental impacts of our operations and products against goals and targets, continually improving our environmental performance

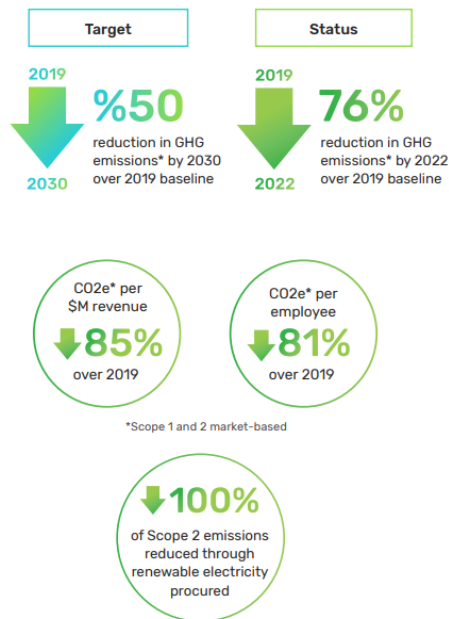


Our Commitment to Decarbonization

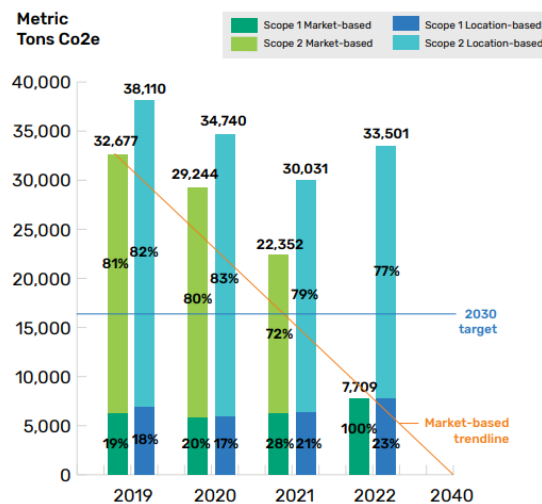
We are aiming for Net-Zero emissions by 2040 for Scopes 1, 2, and 3 (market-based). To demonstrate our commitment, we signed The Climate Pledge in 2022 joining likeminded companies who commit to regular reporting, carbon elimination, and credible offsets as we all work toward the same Net-Zero goal.



Although our medium-term target to halve our market-based Scope 1 and 2 emissions by 2030 was exceeded in 2022, we will continue to track progress against this goal until 2030.



Scope 1 and 2 Emissions Trend



*Calculated in accordance with the GHG Protocol and 3rd party verified to the ISO 14604-3 Standard for years 2020, 2021, and 2022. Includes our owned and leased properties, as well as our co-located data centers; estimations applied where actual data was unavailable.

Our plan to achieve Net-Zero includes the following elements:

Emissions Scope	Scope 1	Scope 2	Scope 3
Initiatives	<ul style="list-style-type: none"> -Neutralize emissions with high quality offsets -Identify and implement opportunities for GHG removals through system upgrades, replacement, and electrification 	<ul style="list-style-type: none"> -100% renewable electricity first through EACs then through long-term high-quality contracts that provide additionality -Shift to cloud computing 	<ul style="list-style-type: none"> -Continue the transition from spend-based estimations to actual supplier GHG data -Partner with suppliers that have committed to Net-Zero emissions and encourage partners that have not to set GHG reduction targets -Neutralize remaining emissions with high quality offsets

2022 Carbon Footprint**

Compared with our 2019 baseline we’ve reduced combined Scope 1, 2, and 3 emissions 28% (market-based). In 2022, through growth and increased business activity, our carbon footprint increased 49% overall between 2021 and 2022. Scope 3 emissions from our supply chain make up the vast majority of our carbon footprint.

Trend Analysis	2022	2021	2020	2019 (baseline)
	Metric tons CO2 ^e	Metric tons CO2 ^e	Metric tons CO2 ^e	Metric tons CO2 ^e
Scope 1, 2, 3 market-based*	249,554	167,970	451,271	347,436
Scope 1	7,709	6,281	5,951	6,314
Scope 2 location- based	25,792	23,750	28,789	31,796
Scope 2 market- based*	0	16,072	23,293	26,363
Scope 3	241,845	145,618	422,027	314,759

**Calculated in accordance with the GHG Protocol and 3rd party verified to the ISO 14064-3 Standard. Includes our owned and leased properties, as well as our co-located data centers; estimations applied where actual data was unavailable.

Carbon Neutral

We achieved company-wide CarbonNeutral® certification in 2022 through our investments in decarbonization including energy efficiency measures, procurement of 100% renewable energy through utility contracts and high-quality Energy Attribute Certificates (EACs), onsite solar installations and high-impact carbon avoidance/removal offsets. We secured Gold Standard Verified Emissions Reduction credits (VERs) to offset Scope 1 emissions and Scope 3 emissions in required categories.

100% Renewable Electricity

In 2022, we procured 100% renewable electricity. Through the combination of renewable energy tariffs and high-quality renewable energy attribute certificates (EACs) we reduced our market-based Scope 2 emissions to zero. Before taking renewable energy purchases into account, emissions from electricity use accounted for 9% of our 2022 total Scope 1, 2 and 3 footprint (location-based). In 2022, we have taken steps to shift our electricity supply to long-term renewable energy virtual power purchase agreements (VPPAs).

Scope	Location-based*		Market-based*	
	CO2 ^e (metric tons)	%	CO2 ^e (metric tons)	%
Scope 1	7,709	3%	7,709	3%
Scope 2	25,792	9%	0	0%
Scope 3	241,845	88%	241,845	97%

*Market-based emissions reflect clean energy purchases that Cadence has purposefully chosen. Location-based clean energy purchases reflect the average emissions intensity of grids on which energy consumption occurs.

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Investing in a Low Carbon and Environmentally Friendly Future

For 2022, we neutralized Scope 1 and 3 emissions through high quality offsets that had benefits beyond carbon reductions.

- Rainier Gateway Project** Our investment in the Rainier Gateway Project offset our Scope 1 emissions for 2021 and 2022. This project, located in the forests surrounding Mount Rainier in Washington State, preserves old-growth forests and ensures their proper management. In addition to storing carbon dioxide, benefits of this project include helping to maintain consolidated ownership of the land by those native to it, promoting sustainable job creation, contributing to the conservation of old-growth forests, reducing the risk of forest fires, and maintaining habitats for wildlife.
- Orb Household Solar** Our VERs originate from an Orb Household Solar project in India. This project brought over 160,000 reliable solar power and solar water heating systems to customers throughout India, while cutting approximately 55,000 metric tons of CO₂e a year by replacing the use of kerosene or electricity from a grid reliant on fossil fuels. Orb Household Solar, India, supports the UN Sustainable Development Goals and is a value chain partner aligned with our own goals.

We also worked with key partners in India to improve environmentally friendly practices:

- **Solid Waste Management** Working with our partner, Saahas, in Bangalore, India, we implemented a source segregation of waste program impacting 4000 households and 200 shops in the Koramangala Village 8th Block. The impact of managed collection of waste provides cleaner and healthier communities and better living conditions. The household segregation level increased from 4% to approximately 53%, and waste dumping was reduced by 40%.
- **Clean and Healthier Cooking Practice** Working with our partner, CARE India, Cadence enabled 5000 households to switch from traditional fuel sources for cooking to clean and environmentally friendly alternatives in Bangalore, India. The impact is an estimated carbon emission reduction of 15,000 metric tons over a period of three years.

Net-Zero Value Chain Collaboration

As the majority of our emissions stem from the supply chain, our Net-Zero plan relies on collaboration with stakeholders including utility providers, real estate managers, co-located and cloud data center partners, manufacturing partners, other key suppliers, and customers.

Continued investments in value chain engagement and low carbon initiatives are focused on:

- Decarbonizing operations
- Decarbonizing data centers
- Decarbonizing our supply chain
- Decarbonizing compute activities

Decarbonizing Operations

Decarbonization and energy management go hand in hand. As our business grows organically and through acquisitions, our electricity consumption may increase. While we continue to evaluate and implement energy optimization projects throughout our operations, securing long-term contracts for renewable energy will continue to be a priority for Cadence.

We seek to support the development of new renewable energy sources in markets where we operate through long-term contracts with utility providers and high-quality power purchase agreements (PPAs). As our climate transition plan evolves, we will continue to seek meaningful ways to decarbonize the sources of Scope 1 emissions.

Decarbonizing Data Centers

Cadence products that involve data storage are powered by an increasing amount of renewable electricity whether on-premise, or at co-located or cloud-based data centers. Our data center decarbonization strategy includes energy efficient design features on-premise, continuing the process of shifting to efficient co-located and cloud-based data centers,

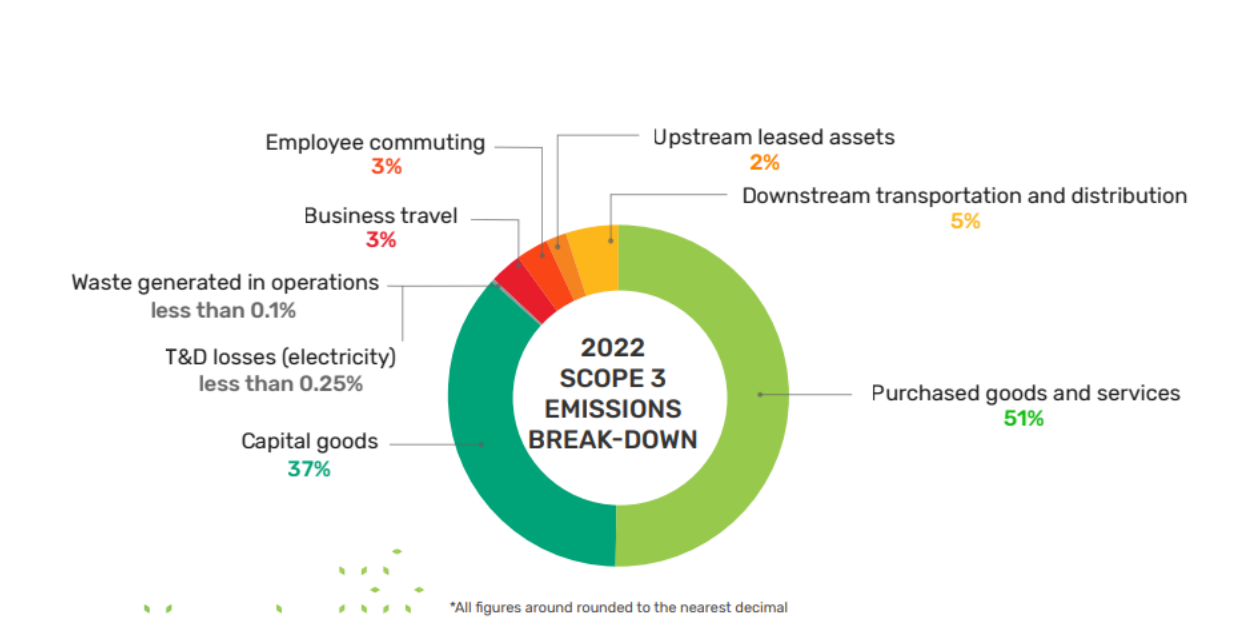
partnering with co-located and cloud-based data center partners that have goals to be 100% renewable electricity powered, and purchasing high-quality RECs to reduce emissions that remain.

Our co-located data centers run on 100% renewable electricity and our German co-located data center also maintains ISO14001 and ISO50001 certification.
(TC-SI-130a.1, TC-SI-130a.3)

Our on-premise data centers in San Jose runs on 100% renewable electricity and servers have been upgraded to increase our computing power while implementing energy-efficient design features, such as automated mister controls for extreme hot weather, a building management system (BMS) digital control network, and free cooling economizers to temper the increase in electricity consumption as our business continues to grow. Outside air and water cooling is used to cool servers. Our Uninterruptible Power Sources (UPSs) are Energy Star Certified and when selecting back-up generators, we aim to reduce environmental impacts and noise pollution and follow Bay Area Air Quality Management District (BAAQMD) norms.

Decarbonizing our Supply Chain

Scope 3 emissions account for the majority of our total Scope 1, 2, and 3 carbon footprint - 88% using the location-based method and 97% using the market-based method. Combined emissions from Purchased Goods & Services and Capital Goods categories account for most of our total Scope 3 emissions.



Year over year, an increase in overall spend due to growth and business activity drove a 66% increase in our Scope 3 emissions compared to 2021. During 2022, we invested in construction and computer hardware, two emissions intensive categories.

We continue to improve the accuracy of our Scope 3 calculations. Using the GHG Protocol Hybrid Method, roughly one third of our 2022 Scope 3 emissions are calculated using supplier’s reported emissions. The remainder are estimated based on industry average emissions and economic models.

Decarbonizing Compute Through Energy Optimization

Our customers, the world’s most innovative companies delivering extraordinary products from chips to boards to systems, use Cadence technology to design sustainable innovation that optimizes the power, space, and energy needs of end products. Through our suite of products and services, we aim to decarbonize compute activities and support our customers to develop energy-optimized products and services for the most dynamic market applications, including hyperscale computing, 5G communications, automotive, mobile, aerospace, consumer, industrial, healthcare, and molecular sciences. Several examples of Cadence product sustainability impact are shown here:

<p>Cadence OnCloud contributes to lowering the overall carbon footprint by enabling the transition of development tools from enterprise data centers to best-in-class carbon-optimized cloud data centers</p>	<p>Cadence’s innovative CFD solutions enable customers to optimize thermal, power, and capacity efficiencies in the data center using physics-based 3D digital twins that enable the calculation of the thermal profile, including airflow and cooling, thereby</p>	<p>Fidelity CFD software is used in the automotive industry to push engines to maximum performance with minimum battery or fuel consumption and CO2 emissions</p>	<p>Fidelity Automesh’s Hexpress tool accelerates low-carbon innovation in the aviation industry including the successful prototype of the world’s first liquid hydrogen-powered aircraft by AeroDelft</p>	<p>Enabling the development of efficient, low-power integrated circuits, the Voltus-XFi solution is a custom EM-IR technology that delivers improved ease of use with minimal tuning</p>	<p>Future Facilities' innovative solutions enable customers to optimize thermal, power, and capacity efficiencies in the data center using physics-based 3D digital twins, helping reduce our customer’s carbon footprint</p>
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	helping to optimize energy use and carbon footprint				
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Backup: https://www.cadence.com/content/dam/cadence-www/global/en_US/documents/company/csr/environmental-policy-and-ems.pdf

Appendix



Team Cadence,

I am proud to announce that Cadence has been recognized as #35 on this year's FORTUNE 100 Best Companies to Work For list. This is our highest ranking in the nine consecutive years we have appeared on this list with other top companies. This recognition reflects the strength of our global, inclusive culture which has helped us earn 30 different top workplace awards across 14 countries in the last year. I want to thank each of you for your commitment to excel as one, high-performing team.

Part of what makes our One Team culture unique is the work we do together to create innovative technologies that make a meaningful difference in our global communities. To further expand our impact, I am excited to announce that we have joined the Pledge 1% Alliance. As part of this pledge, Cadence is joining industry leaders to commit to contributing 1% of employee time, technology, and net profit to benefit our communities. The Cadence Giving Foundation will leverage these assets to support critical needs in our global communities like diversity, equity, and inclusion, environmental sustainability, and STEM education. I look forward to sharing more with you later this year on the incredible programs we are building with the Cadence Giving Foundation.

Congratulations again on this significant achievement. I hope you join me in celebrating while reflecting upon our many achievements this past year. Thank you for making Cadence a great place to work – for all.

Anirudh



Team Cadence,

I am excited to share with you Cadence's [2022 Environmental, Social, and Governance \(ESG\) Report](#), which was published today. This ESG Report highlights our socially responsible business practices and how Cadence programs are making a difference for our employees, customers, and global communities. Cadence's approach to ESG remains a key topic raised by major shareholders, and our ESG programs continue to be essential to Cadence's long-term business success. I am proud of the positive impact we are having and will have on the world together, and I encourage each of you to read and share the ESG report.

At Cadence, our people and our culture are at the center of everything we do. As Anirudh shared with Forbes, Cadence's stellar performance is because of our common sense of purpose and a genuine belief that our work benefits people and the planet. Work at Cadence increasingly involves creating solutions that reduce power consumption, promote more sustainable innovation across the tech industry, and drive progress in some of the most important challenges of our time like Diversity, Equity, and Inclusion (DEI) and access to STEM education. The ESG Report itself also demonstrates our One Cadence-One Team culture as a collaborative work product – highlighting ESG initiatives spanning all business groups and published by a global cross-functional team, led by Lynn Wright, Senior Group Director of Corporate Social Responsibility in Legal with significant contributions from Finance, HR, Marketing, Procurement, and Workplace Resources.

In the report, we share updates on our sustainable innovation and the positive impact we're making together with our customers. In 2022, we continued our journey to Net-Zero by 2040 and are proud to be CarbonNeutral® company certified for our operations globally and CarbonNeutral® product certified for Palladium Cloud. We also signed on to The Climate Pledge to advance our climate efforts through collaboration with other like-minded companies. We report on our new Environmental and Human Rights Policies, and we also highlight the impact of many DEI programs and community projects. Community Outreach highlights also include updates on the Cadence Giving Foundation, joining the Pledge 1% Alliance, and the recently announced \$50 million Racial Equity Fund managed by RBC Global Asset Management.

Cadence leadership is committed to driving excellence in these areas, and thank you for your efforts to support Cadence's ESG programs.

Thanks,

Karna Nisewaner
General Counsel
