

2024 CDP Corporate Questionnaire Preview

C1. Introductions

(C1.1) In which language are you submitting your response? English

(C1.2) Select the currency used for all financial information disclosed throughout your response: USD

(C1.3) Provide an overview and introduction to your organization.

Organization type: Publicly traded organization

Description of organization

Cadence is a leader in electronic system design, building upon more than 30 years of computational software expertise. We apply our underlying Intelligent System Design™ strategy to deliver computational software, hardware and IP that turn design concepts into reality. Our customers include some of the world's most innovative companies that deliver extraordinary electronic products from chips to boards to systems for dynamic market applications.

We enable our customers to develop electronic products. Our products and services are designed to give our customers a competitive edge in their development of integrated circuits ("ICs"), systems-on-chip ("SoCs"), and increasingly sophisticated electronic devices and systems. Our products and services do this by optimizing performance, minimizing power consumption, shortening the time to bring our customers' products to market, improving engineering productivity and reducing their design, development and manufacturing costs.

Our electronic systems customers deliver entire devices, such as smartphones, laptop computers, gaming systems, automobiles and autonomous driving systems, servers, cloud data center infrastructure, artificial intelligence ("AI") systems, aerospace and defense, medical equipment and networking products. These systems companies internally develop, or externally purchase, the sub-components for their products, including printed circuit boards ("PCBs"), which interconnect all the hardware components, ICs, which are often referred to as computer chips, and software at various levels which runs on the hardware. Our semiconductor customers deliver ICs, which include subcategories such as processors, SoCs, AI, memory, analog and other types of chips. We offer software, hardware, services and reusable IC design blocks, which are commonly referred to as intellectual property ("IP"). Our semiconductor customers use our offerings to design, configure, analyze and verify ICs. Additionally, customers license our IP, which accelerates their product development processes by providing pre-designed and verified circuit blocks for their ICs. Systems customers use our offerings to design, simulate, and verify the electrothermal and physical functionality of their ICs, PCBs, and systems products. Our strategy, which we call. Intelligent System Design is to provide the computational software technologies necessary for our electronic system and semiconductor customers to develop products across a variety of vertical markets including consumer, hyperscale computing, mobile, 5G communications, automotive, aerospace and defense, industrial and healthcare. We address the challenges posed by the needs and trends of electronic systems companies as well as semiconductor companies delivering greater portions of these systems.

The development of electronic products, or their sub-components, is complex and requires many engineers using our solutions with specialized knowledge and skill. The rate of technical innovation in electronics is swift, long driven by a concept known as Moore’s Law, which more than 50 years ago predicted that the complexity of ICs would double approximately every 24 months. In order to make our customers successful, our products must handle this exponential growth rate in complexity, without requiring a corresponding increase in our customers’ costs. Historically, the industry that provided the tools used by IC engineers was referred to as Electronic Design Automation (“EDA”). Today, our offerings include and extend beyond EDA to enable computational software for Intelligent System Design across three layers—starting with IC and SoC design excellence, followed by system innovation, and then pervasive intelligence.

(C1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

End date of reporting year: 12/31/2023

Alignment of this reporting period with your financial reporting period: Yes

Indicate if you are providing emissions data for past reporting years: Yes

Number of past reporting years you will be providing Scope 1 emissions data for: Not providing past emissions data for Scope 1

Number of past reporting years you will be providing Scope 2 emissions data for: Not providing past emissions data for Scope 2

Number of past reporting years you will be providing Scope 3 emissions data for: 1 year

(C1.5) Provide details on your reporting boundary.

Is your reporting boundary for your CDP disclosure the same as that used in your financial statements? Yes

How does your reporting boundary differ to that used in your financial statement? n/a

(C1.6) Does your organization have an ISIN code or another unique identifier.

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	US1273871087
Yes, a CUSIP number	127387108
Yes, a Ticker symbol	CDNS
Yes, a SEDOL code	BYZHHC4
Yes, a D-U-N-S number	104068093

(C1.7) Select the countries/areas in which you operate.

- Belgium
- Brazil
- Canada

- China
- Finland
- France
- Germany
- Hungary
- India
- Ireland
- Israel
- Italy
- Japan
- Malaysia
- Poland
- Republic of Korea
- Singapore
- Sweden
- Taiwan, China
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Vietnam

(C1.8) Are you able to provide geolocation data for your facilities?

Are you able to provide geolocation data for your facilities?	Comment
No, this is confidential data	This is confidential data

(C1.24) Has your organization mapped its value chain?

Value chain mapped: Yes, we have mapped or are currently in the process of mapping our value chain

Value chain stages covered in mapping: Upstream value chain, Downstream value chain

Highest supplier tier mapped: Tier 1 suppliers

Highest supplier tier known but not mapped: Tier 2 suppliers

Description of mapping process and coverage: We engage with our customers and suppliers to improve the accuracy of our Scope 3 calculations and reflect the work these companies are doing to reduce their own carbon footprints. Our supply chain comprises professional services, goods, and contract manufacturing of our hardware products. For contract manufacturing, we work with a limited number of trusted partners with whom we maintain close, long-term relationships. These partners manage the relationships with second-tier suppliers for parts and raw materials. Through partnering with suppliers, more than one half of our 2023 upstream Scope 3 emissions are now calculated using suppliers’ reported emissions, up from one-third in 2022. Building on our supplier engagement survey, we map ESG-related risks and opportunities in our supply chain. We target high-impact areas for direct engagement with key suppliers around issues relating to climate change, ethics, and integrity including

human rights. In 2023, we expanded our climate-related supply chain engagement activities with key suppliers, prioritizing engagement based on carbon intensity and spend volume with a supplier. To measure alignment with our decarbonization strategy, we track which suppliers have set or committed to set carbon reduction targets and respond to CDP. Suppliers were mapped in the process of administering our ESG survey - a mechanism that we use to engage 80-90% of suppliers by spend on environmental issues such as climate change, as well as social and governance issues.

Further, we engage with our customers to improve the accuracy of our Scope 3 calculations and reflect the work these companies are doing to reduce their own carbon footprints. In 2023, we mapped 100% of our hardware customers to calculate the emissions from our use of sold products. Information mapped from our customers includes the procurement of renewable energy, renewable energy targets as well as net zero targets. In measuring our Scope 3 downstream emissions, we take customers' existing renewable electricity and Net-Zero targets into consideration in our calculations and will continue to engage with customers on these topics as we work to Net-Zero. Since 2019, downstream Scope 3 emissions have decreased by nearly half (47%), largely due to our customers' investments in renewable electricity and carbon reductions in their own operations.

(C1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

Plastics mapping	Primary reason for not mapping plastics in your value chain	Explain why your organization has not mapped plastics in your value chain
No, and we do not plan to within the next two year	Not an immediate strategic priority	At this point, plastics value chain mapping is not an immediate strategic priority.

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(C2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Time horizon	From (years)	To (years)	How this time horizon is linked to strategic and/or financial planning
Short-term	0	3	We consider a short-term horizon for environmental-related issues up to three years in the future.
Medium-term	3	5	We consider a medium-term horizon for environmental -related issues between three and five years in the future.

Long-term	5	10	We consider a long-term horizon for environmental-related issues between five and ten years in the future or more.
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(C2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

Process in place: Yes

Dependencies and/or impacts evaluated in this process: Both dependencies and impacts

(C2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

Process in place: Yes

Risks and/or opportunities evaluated in this process: Both risks and opportunities

Is this process informed by the dependencies and/or impacts process? Yes

(C2.2.2) Provide details of your organization’s process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Environmental issue: Climate change

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue: Risks, Opportunities, Dependencies, Impacts

Value chain stage(s) covered: Direct operations, Downstream Value Chain Climate, Upstream Value Chain

Supplier tiers covered: Tier 1 suppliers

Supplier tiers covered: Tier 1 suppliers

Coverage: Partial

Type of assessment: Qualitative and quantitative

Frequency of assessment: Annually

Time horizon(s) covered: Short-term, Medium-term, Long-term

Integration of risk management process: Integrated into multi-disciplinary company-wide risk management process

Location-specificity used: Site-specific, National

Tools and methods used:

Commercially/publicly available tools: LEAP (Locate, Evaluate, Assess and Prepare) approach, TNFD, TNFD – Taskforce on Nature-related Financial Disclosures & Other commercially/publicly available tools, please specify: ENCORE, WRI Aqueduct.

Other: External consultants, Internal company methods & Scenario analysis.

Risk types considered/criteria considered

Acute physical: Flood (coastal, fluvial, pluvial, ground water); Drought; Cyclones, hurricanes, typhoons; Wildfires

Chronic physical: Water Stress

Policy: Carbon Pricing Mechanisms

Market: Changing customer behavior

Reputation: Increased partner and stakeholder concern and partner and stakeholder negative feedback

Technology: Transition to lower emissions technology and products

Liability: Non-compliance with regulations

Partners and stakeholders considered: Customers, Investors, Suppliers, Local communities, NGOs, Regulators

Has this process changed since the previous reporting year? Yes

Further details of process:

Process(es) for identifying, assessing, and responding to climate-related risks and opportunities in our direct operations and value chain are integrated into our multi-disciplinary company-wide risk management process. We evaluate potential risks and opportunities at least annually and work with consulting partners and other stakeholders to expand our climate-related risk and opportunities identification and assessment process. The following risk types are considered: acute and chronic physical risk, current and emerging regulations, legal, market, reputation, and technology.

Climate-related risks and opportunities - in our operations, data centers, supply chain, and downstream in our value chain through our products - are identified and assessed primarily by the cross-functional ESG Team at Cadence with a focus on:

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

When potential climate-related risk factors are identified, we assess the potential impact they may have on our operations and value chain and whether the identified risk may have the potential to impede our ability to develop new or improved existing products, deliver on our commitments to clients, or harm our reputation.

For physical risks our process consists of mapping asset level data, quantifying climate hazard exposure, applying asset specific impact functions, and quantifying modelled financial impact.

For transitional risks our process consists of mapping macro-level transition risks to our operations and value chain, quantifying the impact of carbon pricing risk exposure, applying future carbon price scenarios, quantifying potential financial or strategic impact on Cadence's business. Relative risk is assessed through industry and peer benchmarking, as well as against the science-based climate transition pathway.

Our climate-related risk assessment to includes key suppliers and customers. Specifically, we have analyzed the market risk due to Cadence's suppliers and customers potentially being subject to increased carbon taxes for our top 100 suppliers, by GICS industry and by activity to determine the potential risk to their EBITDA for 2025, 2030 and 2050.

Climate-related opportunities in our direct operations and upstream value chain (supply chain) are identified and assessed primarily by the cross-functional ESG Team at Cadence. Downstream climate-related opportunity factors are identified primarily by the marketing and account management teams that support our customers.

When climate-related opportunities are identified, we assess the potential impact they may have on our revenues and operating costs against the cost and benefits of addressing the opportunity in order to make decisions about how to respond. For upstream or downstream partners in high emitting industries, lack of an adequate climate transition plan could result in long-term transition risks which is why we initiate engagement discussions with the relevant parties.

We continue to develop low emission goods and services and opportunities for our customers to develop new products or services through R&D and innovation that may increase revenues resulting from increased demand for products and services. Through innovation, aggressive investment and collaboration with value chain partners, we anticipate reaching Net-Zero emissions across our value chain by 2040.

Environmental issue: Water

Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue: Risks, Opportunities, Impacts, Dependencies

Value chain stage(s) covered: Direct operations, Upstream Value Chain

Supplier tiers covered: Tier 1 suppliers

Coverage: Partial

Type of assessment: Qualitative and quantitative

Frequency of assessment: Annually

Time horizon(s) covered: Short-term, Medium-term, Long-term

Integration of risk management process: Integrated into multi-disciplinary company-wide risk management process

Location-specificity used: Site-specific

Tools and methods used: WRI Aqueduct; External Consultants; Scenario Analysis

Risk types and criteria considered: Acute Physical: Drought, Acute Physical: Flood (coastal, fluvial, pluvial, ground water), Chronic Physical: Water Stress

Partners and stakeholders considered: Employees, Water utilities at a local level, Local communities, Investors

Has this process changed since the previous reporting year? Yes

Further details of process

In the reporting year, we focused our climate-related scenario analysis on physical risks related to water. Focal questions revolve around the extent to which our offices are inherently vulnerable to water stress, drought, and flooding, currently, and in the future (2030, 2040). Our annual water risk assessment shows that the proportion of our use and consumption of water in high or extremely high water stressed areas increased this year due to changes in the natural environment. Our efforts to use water efficiently are informed by our annual water risk assessment.

The RCP 4.5 climate-related scenario was utilized in the scenario analysis produced for Cadence Design Systems

without modification. The tool leveraged was the World Resources Institute (WRI) Water Risk Atlas, and the assumptions utilized include business as usual, optimistic, and pessimistic conditions for the period examined.

This time horizon considered was 2022 through 2040 and this time horizon was deemed relevant to the organization as it aligns with our net-zero and 2030 Science Based Target, and these time horizons are consistent with that methodology. In this assessment, all Cadence Design Systems operational sites were examined, including both owned and leased locations.

(C2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed: Yes

Description of how interconnections are assessed: Eco-system services dependencies have been analyzed for interconnection with climate-driven flood risk at our facilities. Eco-system services such as mass stabilization and erosion may control and provide protection from disruption at our facilities through habitats, land geomorphology, and soils and sediments. Bioremediation is an environmental dependency that may mitigate direct impacts of flooding through assets such as habitats and species. However, at this time, no substantive dependencies, impacts, risks or opportunities have been identified in the climate-biodiversity nexus.

(C2.3) Have you identified priority locations across your value chain?

Identification of priority locations: Yes, we have identified priority locations

Value chain stages where priority locations have been identified: Direct operations

Types of priority locations identified: Sensitive locations: Areas of limited water availability, flooding, and/or poor quality of water

Description of process to identify priority locations: To ensure we are not using more than our fair share of water in communities where we operate, we are monitoring water usage, consumption, and recycling closely, with a focus on our owned campuses. In particular, we focus on areas with current or future water stress. We annually assess our water usage and water-related risks using the World Resources Institute (WRI) Aqueduct Water Risk Atlas and use scenario analysis completed by our external consultants. Focal questions revolve around the extent to which our offices are inherently vulnerable to water stress, drought, and flooding, currently, and in the future (2030, 2040).

Will you be disclosing a list/spatial map of priority locations? No, we have a list/geospatial map of priority locations, but we will not be disclosing it

(C2.4) How does your organization define substantive effects on your organization?

Effect Type: Risks

Type of definition: Qualitative and Quantitative

Indicator used to define substantive effect: Direct operating costs, Revenue

Change to indicator: % decrease, % increase

% change to indicator: 21-30

Metrics considered in definition: Frequency of effect occurring, Time horizon over which the effect occurs, Likelihood of effect occurring

Application of definition: For the purposes of environmental risks, we define substantive effect as any event that could have a material, adverse effect on our business including: our ability to deliver on our commitments to clients, our ability to operate our research and development activities which result in the development of new or improved existing products, our financial condition, results of operations, cash flows, and the trading price of our common stock. The different factors considered when defining a substantive effect on our organization with respect to risks are frequency of effect occurring, time horizon over which the effect occurs and likelihood of the effect occurring.

Effect Type: Opportunities

Type of definition: Qualitative and Quantitative

Indicator used to define substantive effect: Direct operating costs, Revenue

Change to indicator: % decrease, % increase

% change to indicator: 21-30

Metrics considered in definition: Frequency of effect occurring, Time horizon over which the effect occurs, Likelihood of effect occurring

Application of definition: For the purposes of environmental opportunities, we define substantive effect as any event that could have a material positive effect on our business including: our ability to deliver on our commitments to clients, our ability to operate our research and development activities which result in the development of new or improved existing products, our financial condition, results of operations, cash flows, and the trading price of our common stock. The different factors considered when defining a substantive effect on our organization with respect to opportunities are frequency of effect occurring, time horizon over which the effect occurs and likelihood of the effect occurring.

(C2.5) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

Identification and classification of potential water pollutants
No, we do not identify and classify our potential water pollutants

C3. Disclosure of dependencies, risks, and opportunities

(C3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Environmental issue	Risks identified	Primary reason why your organization does not consider itself to have environmental	Please Explain

		risks in your direct operations and/or upstream/downstream value chain	
Climate change	No	Environmental risks exist, but none with the potential to have a substantive effect on our organization.	<p>We have not identified any climate-related risks with the potential to have a substantive effect on Cadence in the reporting year, or that are anticipated to have a substantive effect on the company in the future. We have conducted assessments to identify acute and chronic physical risks, as well as transitional climate-related risks for Cadence in the short-term (0-3 years), medium-term (3-5 years), long-term (5-10 years) timeframes that align with our business strategy. However, our climate-related risk assessments extend beyond those timeframes, in some cases through 2050 and beyond. We continue to expand our evaluation processes of climate-related risks that could have the potential to have substantive financial or strategic impact on Cadence.</p> <p>In the reporting year, we worked with consulting partners to expand our climate-related risk identification and assessment process. The following risk types are considered: acute and chronic physical risk, current and emerging regulations, legal, market, reputation, and technology.</p> <p>As we work towards our longer-term energy and GHG reduction targets, we are evaluating additional ways to reduce emissions, such as clean energy contracts with our utility providers, renewable power purchase agreements, carbon offsets, renewable energy credits, operational efficiencies, and on-site solar installations.</p>
Water	No	Environmental risks exist, but none with the potential to have a substantive effect on our organization.	Water risks in our direct operations evaluated do not have the potential to exceed our threshold for substantive financial impact. Water-related risks in the value chain have commenced for key suppliers.
Plastics	No	Not an immediate strategic priority.	This is not an immediate strategic priority.

(C3.3) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Water-related regulatory violations	Comment
No	No, our organization was not subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations.

(C3.5) Are any of your operations or activities regulated by a carbon pricing system (i.e., ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

(C3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Environmental issue	Environmental opportunities identified	Primary reason why your organization does not consider itself to have environmental opportunities	Please Explain
Climate change	No	Opportunities exist, but none anticipated to have a substantive effect on organization	<p>Opportunities exist, but none anticipated to have a substantive effect on organization. For the purposes of environmental opportunities, we define substantive effect as any event that could have a material positive effect on our business with a 21-30% change to indicator.</p> <p>Further, our 2023 ESG Report aligns with who we are as a company— sustainable by design—and highlights the progress we made in our environmental, social, and governance (ESG) strategies in 2023.</p>

Water	No	Opportunities exist, but none anticipated to have a substantive effect on organization	Water-related opportunities are under evaluation. Methods used to assess water-related opportunities include engagement with customers to understand how our products are being used to promote water-related sustainability. A comprehensive evaluation may be completed within the next 5 years.
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C4. Governance

(C4.1) Does your organization have a board of directors or an equivalent governing body?

Board of directors or equivalent governing body: Yes

Frequency with which the board or equivalent meets: quarterly

Types of directors your board or equivalent is comprised of

- Executive directors or equivalent
- Independent non-executive directors or equivalent

Board diversity and inclusion policy: Yes, and it is publicly available

Briefly describe what the policy covers: Cadence’s Corporate Governance and Nominating Committee Charter outlines the goals and responsibilities of the Corporate Governance and Nominating Committee (CGNC) when selecting new directors. Specifically, the CGNC shall determine the Board’s criteria for selecting new directors, with reference to issues of the current composition of the Board, the need for particular expertise, a prospective nominee’s integrity, experience, judgment, diversity of background, independence, financial literacy, ability to commit sufficient time and attention to Board activities, and skills such as an understanding of electronic design, semiconductor and electronics systems technologies, international background and other relevant characteristics -- all in the context of an assessment of the perceived needs of the Board at that point in time, Nasdaq listing rules, and any other applicable law, regulation or rule, and recommend to the Board director nominees for election at the next annual or special meeting of stockholders at which directors are to be elected or to fill any vacancies or newly created directorships that may occur between such meetings.

In seeking diversity of background, the Corporate Governance and Nominating Committee seeks a variety of occupational and personal backgrounds and race, ethnicity, and gender diversity on the Board in order to obtain a range of viewpoints and perspectives.

Attach the policy: corporate-governance-and-nominating-committee-charter.pdf

(C4.1.1) Is there board-level oversight of environmental issues within your organization?

Environmental issue	Board-level oversight of this environmental issue	Primary Reason for no board-level oversight	Explain why your organization does not have board-level oversight
Climate change	Yes	NA	NA
Water	Yes	NA	NA
Biodiversity	No and we do not plan to within the next 2 years.	Not an immediate strategic priority.	At this point, board-level oversight on biodiversity issues within the organization is not an immediate strategic priority.

(C4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board’s oversight of environmental issues.

Environmental Issue: Climate Change

#1: Positions of individuals or committees with accountability for this environmental issue: Board-level committee, Chief Executive Officer (CEO)

Positions’ accountability for this environmental issue is outlined in policies applicable to the board: Yes

Policies which outline the positions’ accountability for this environmental issue: Board Terms of Reference

Frequency with which this environmental issue is a scheduled agenda item: Scheduled agenda item in every board meeting (standing agenda item)

Governance mechanisms into which this environmental issue is integrated

- Approving corporate policies and/or commitments
- Overseeing the setting of corporate targets
- Monitoring progress towards corporate targets

Please explain: The Chief Executive Officer of Cadence is a member of the Board of Directors. Our Board, through its Corporate Governance and Nominating Committee oversees the Company’s policies and practices regarding corporate social responsibility and sustainability programs, including climate-related, environmental, social and governance matters and initiatives, and reports to the Board on these programs at least quarterly.

Cadence’s Corporate Governance and Nominating Committee Charter outlines these goals and responsibilities of the Corporate Governance and Nominating Committee (CGNC). Further, the Corporate Governance and Nominating Committee regularly reviews the plans and progress of our environmental program, including climate-related risks and opportunities, and is informed on Cadence’s carbon footprint breakdown and the strategy to achieve greenhouse gas emissions reduction targets and progress. Our Corporate Governance and Nominating Committee approved and oversees our Net-zero and 2030 carbon reduction targets as well as monitoring progress towards other corporate environmental targets.

Environmental Issue: Water

#1: Positions of individuals or committees with accountability for this environmental issue: Board-level committee

Positions' accountability for this environmental issue is outlined in policies applicable to the board: Yes

Policies which outline the positions' accountability for this environmental issue: Board Terms of Reference

Frequency with which this environmental issue is a scheduled agenda item: Scheduled agenda item in some board meetings – less than annually

Governance mechanisms into which this environmental issue is integrated:

- Approving corporate policies and/or commitments
- Monitoring compliance with corporate policies and/or commitments

Please explain: Our Board, through its Corporate Governance and Nominating Committee oversees the Company's policies and practices regarding corporate social responsibility and sustainability programs, including climate-related, environmental, social and governance matters and initiatives, and reports to the Board on these programs. Further, the Cadence's Corporate Governance and Nominating Committee Charter outlines the goals and responsibilities of the Corporate Governance and Nominating Committee (CGNC). Specifically, the CGNC shall oversee the Company's policies and practices regarding corporate social responsibility and sustainability program, including environmental/climate-related, social and governance matters and initiatives, and report to the Board at least annually on such program.

(C4.2) Does your organization's board have competency on environmental issues?

#1 Environmental Issue

- Climate Change

Board-level competency on this environmental issue: Yes

Mechanisms to maintain an environmentally competent board

- Consulting regularly with an internal, permanent, subject-expert working group
- Engaging regularly with external stakeholders and experts on environmental issues
- Having at least one board member with expertise on this environmental issue

Environmental expertise of the board member

- Staff-level experience in a role focused on environmental issues

#2 Environmental Issue

- Water

Board-level competency on this environmental issue: Yes

Mechanisms to maintain an environmentally competent board

- Consulting regularly with an internal, permanent, subject-expert working group
- Engaging regularly with external stakeholders and experts on environmental issues

(C4.3) Is there management-level responsibility for environmental issues within your organization?

Environmental issue: Climate change

Management-level responsibility for this environmental issue: Yes

Environmental issue: Water

Management-level responsibility for this environmental issue: Yes

Environmental issue: Biodiversity

Management-level responsibility for this environmental issue: No and we do not plan to within the next 2 years.

Primary reason for no management-level responsibility: Not an immediate strategic priority.

Explain why your organization does not have management-level responsibility: At this point, management-level responsibility on biodiversity issues within the organization is not an immediate strategic priority.

(C4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Position of individual or committee with responsibility	Environmental responsibilities of this position	Reporting line	Frequency of reporting to the board on environmental issues	Please explain
General Counsel	<ul style="list-style-type: none"> Assessing future trends in environmental dependencies, impacts, risks, and opportunities Managing environmental dependencies, impacts, risks, and opportunities Measuring progress 	Reports to the board directly	Quarterly	<p>Our Sr VP & General Counsel is the highest management-level position with responsibility for climate issues. Our Senior Group Director of Corporate Social Responsibility is responsible for assessing climate-related risks and opportunities and reports to the Associate General Counsel, who in turn reports to the Sr VP & General Counsel.</p> <p>Our Sr VP & General Counsel is briefed regularly on our ESG program and initiative progress, reviews and accepts new proposals, and approves major actions. The Senior Group Director of</p>

	towards environmental corporate targets			Corporate Social Responsibility reports to the Board of Directors Corporate Governance and Nominating Committee on climate-related issues. In 2023, the Corporate Governance and Nominating Committee held three meetings and in the quarter it did not meet, it received and reviewed materials relating to ESG.
Other C-Suite Officer, please specify: Executive Management Team (EMT) that lead Strategy and Governance functions at Cadence	<ul style="list-style-type: none"> Managing major capital and/or operational expenditures relating to environmental issues Assessing environmental dependencies, impacts, risks, and opportunities 	Reports to the Chief Executive Officer (CEO)	Quarterly	<p>Representatives of our Executive Management Team (EMT) that lead Strategy and Governance functions at Cadence have responsibility for climate issues. Briefed regularly on our ESG programs by our Senior Group Director of Corporate Social Responsibility, these executives review and accept new proposals and approve major actions.</p> <p>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. These leaders identify and assess climate risks and opportunities, as well as establish ESG priorities within their areas. Our Senior Group Director of Corporate Social Responsibility also briefs the CGN Committee on ESG priorities at every regular meeting, and on climate issues. In 2023, the Corporate Governance and Nominating Committee held three meetings and in the quarter it did not meet, it received and reviewed materials relating to ESG.</p>

Sustainability committee	<p>Water answer</p> <ul style="list-style-type: none"> Assessing future trends in environmental dependencies, impacts, risks, and opportunities Assessing environmental dependencies, impacts, risks, and opportunities 	<p>Other please specify: Sr Group Director - Corporate Social Responsibility</p>	Annually	<p>Our cross-functional ESG team has responsibility for water-related issues and keeping the leadership team and the board informed about opportunities and issues.</p>
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(C4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Environmental Issue	Provide incentives for the management of climate-related issues	% of total C-suite and board-level monetary incentives linked to the management of this environmental issue	Please Explain
Climate Change	Yes	20%	<p>To further strengthen our ESG initiatives, we are focusing our top leaders on the company's impact on climate and sustainability as well as diversity, equity, and inclusion. To motivate leaders and create accountability their incentive plans will be aligned to their progress in these areas. Cadence has a compensation incentive for leaders to support a high performing, inclusive culture: ~20% of 100 senior leaders' bonuses consider culture, top talent, and sustainability priorities. Our goal with this compensation strategy is to create meaningful incentives to drive change.</p> <p>Facilities managers and some members of their teams are also considered for incentives linked to</p>

			the management of climate-related issues such as energy reduction and efficiency projects and behavior change.
Water	No, and we do not plan to introduce them in the next two years		We do not currently have plans to introduce incentives to C-suite employees or board members for the management of water-related issues.

(C4.5.1) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Enviro Issue	Position entitled to monetary incentive	Incentives	Performance metrics	Incentive plans linked to this	Further details of incentives (2500 characters)	How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan
Climate Change	Corporate executive team	Bonus – set figure	Progress towards environmental targets	Short-Term Incentive Plan, or equivalent, only (e.g., contractual annual bonus)	We have a Cadence compensation incentive that affects the bonus of the top 100 leaders at the company. 20 percent of their bonus is affected by how well they do against specific ESG metrics to encourage our key leaders to put more focus on ESG going forward.	Cadence has a compensation incentive for leaders to support a high performing, inclusive culture: ~20% of 100 senior leaders' bonuses consider culture, top talent, and sustainability priorities. Our goal with this compensation strategy is to create meaningful incentives to drive change towards our sustainability priorities such as our climate commitments and efforts toward Cadence's environmental and sustainability priorities, including toward achievement of environmental targets.

Climate Change	Other senior-mid manager, please specify: VP Strategic Sourcing, Purchasing	Bonus – set figure	Progress towards environmental targets	Short-Term Incentive Plan, or equivalent, only (e.g., contractual annual bonus)	We have a Cadence compensation incentive that affects the bonus of the top 100 leaders at the company. 20 percent of their bonus is affected by how well they do against specific ESG metrics to encourage our key leaders to put more focus on ESG going forward.	Cadence has a compensation incentive for leaders to support a high performing, inclusive culture: ~20% of 100 senior leaders' bonuses consider culture, top talent, and sustainability priorities. Our goal with this compensation strategy is to create meaningful incentives to drive change towards our sustainability priorities such as our climate commitments and efforts toward Cadence's environmental and sustainability priorities, including toward achievement of environmental targets.
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(C4.6) Does your organization have an environmental policy that addresses environmental issues?

Yes

(C4.6.1) Provide details of your environmental policies.

#1 Environmental issues covered: Climate change

Level of coverage: Organization-wide

Value chain stages covered

- Direct operations
- Upstream value chain
- Downstream value chain

Explain the coverage: Cadence's environmental policy covers our operations, our products & our supply chain.

Environmental policy content

- Commitment to comply with regulations and mandatory standards
- Commitment to stakeholder engagement and capacity building on environmental issues
- Commitment to net-zero emissions
- Other environmental commitment, please specify: Identify, measure, and manage the environmental and water-related impacts of our operations and products.

Indicate whether your environmental policy is in line with global environmental treaties or policy goals: Yes, in line with the Paris Agreement

Public availability: Publicly available

Attach the policy: environmental-policy-and-ems .pdf

#2 Environmental issues covered: Water

Level of coverage: Organization-wide

Value chain stages covered

- Direct operations
- Downstream value chain

Explain the coverage: Cadence’s Environmental Policy & Water Resource Management covers our operations and our products.

Environmental policy content

- Commitment to comply with regulations and mandatory standards
- Commitment to stakeholder engagement and capacity building on environmental issues
- Other environmental commitment, please specify: Identify, measure, and manage the environmental and water-related impacts of our operations and products.
- Commitment to the conservation of freshwater ecosystems
- Other water-related commitment, please specify: Implement conservation measures across our operations, including automated taps and sensor technology.

Indicate whether your environmental policy is in line with global environmental treaties or policy goals

- Yes, in line with the Paris Agreement
- Yes, in line with Sustainable Development Goal 6 on Clean Water and Sanitation

Public availability

- Publicly available

Attach the policy: environmental-policy-and-ems .pdf

(C4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Are you a signatory or member of any environmental collaborative frameworks or initiatives?	Collaborative framework or initiative	Describe your organization’s role within each framework, initiative and/or commitment*
Yes	Task Force on Climate-related Financial Disclosures (TCFD) The Climate Pledge Science-Based Targets Initiative	In the reporting year Cadence Design Systems: -Expanded on climate-related risk assessments and reported in-line with the TCFD recommendations. - Signed onto the Climate Pledge to partner with like-

	(SBTi)	<p>mind companies taking steps to achieve Net-Zero by 2040</p> <p>- In 2023, we submitted our GHG reduction targets to the Science Based Targets initiative (SBTi) for validation.</p>
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(C4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate: Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals: Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

Global environmental treaties or policy goals in line with public commitment or position statement: Paris Agreement

Attach commitment or position statement: environmental-policy-and-ems.pdf

Indicate whether your organization is registered on a transparency register: No

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your climate commitments and/or climate transition plan: The cross-functional ESG Team at Cadence takes into account a variety of stakeholder perspectives on climate related issues, including our customers, employees, investors, and experts from the scientific community. We use this feedback to drive environmental sustainability projects, develop climate-related KPIs, and improve efficiency in our operations, as well as in our engagements with stakeholders.

(C4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Type of indirect engagement: Indirect engagement via a trade association

Trade Association: Other global trade association, please specify: The Sustainability Roundtable’s Net Zero Consortium for Buyers (NZCB)

Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position: Climate change

Indicate whether your organization's position is consistent with the organization or individual you engage with: Consistent

Indicate whether your organization attempted to influence the organization or individual's position in the reporting year: No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position: The Sustainability Roundtable's Net Zero Consortium for Buyers (NZCB) is the leading transaction platform for aggregated Virtual Power Purchase Agreements (VPPAs). The NZCB is committed to creating corporate-buyer favorable renewable energy transactions that enable participating companies to chart a profitable path to Net Zero Emissions globally. Several members of the NZCB program directly engage on policy, law and regulations that could have a positive impact on the environment, including Southern Company, the developer of a purchaser-caused VPPA that Cadence has signed on to.

Cadence's position is consistent with that of the Net Zero Consortium for Buyers (NZCB) and Southern Company. In the reporting year, Cadence joined Sustainability Roundtable's Net Zero Consortium for Buyers (NZCB) and signed an aggregated virtual power purchase agreement (VPPA) with Southern Company. Once operational, the Cadence portion is expected to deliver solar power to the grid equivalent the company's entire U.S. electric load.

Funding figure your organization provided to this organization or individual in the reporting year (currency): \$12,000

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment: This is a membership fee that does not directly influence policy, law, or regulation that may impact the environment.

Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals: Yes, we have evaluated, and it is aligned

Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation: Paris Agreement

(C4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response? Yes

(C4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response.

Publication #1: In voluntary sustainability report

Environmental issues covered in publication

- Climate change
- Forests
- Water
- Biodiversity

Status: Complete

Content elements:

- Content of environmental policies
- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Page/Section reference:

Page 4-5: A message from our CEO (PDF page 4-5)

Page 8: 2023 Highlights (PDF page 8)

Page 9-10: Progress on our 2023 Environmental, Social and Governance Strategies (PDF page 9-10)

Page 27-39: Environmental Sustainability (PDF page 27-39)

Page 55: Board governance of CSR Program (PDF page 55)

Page 63-68: Responsible Supply Chain (PDF page 63-68)

Attach the document: cadence-2023-environmental-social-and-governance-report .pdf

Comment: We are proud to share with you our ESG report for 2023, which highlights the progress we made in our environmental, social, and governance efforts. This report shows the work that we are doing in six key areas that impact our business—innovation, environmental sustainability, workforce, governance, cybersecurity and data privacy, and supply chain management.

Publication #2: In mainstream reports

Environmental issues covered in publication: Climate change

Status: Complete

Content elements

- Governance
- Risks & Opportunities
- Strategy
- Emission targets

Page/Section reference:

Page 9: Corporate Responsibility (PDF page 11)

Page 11: Business and Operational Risks (PDF page 13)

Attach the document: Cadence Design Systems 2023 10K .pdf

Comment: The Corporate Responsibility section of our 2023 year end 10-K states:

We believe that, in general, the best and brightest talent is inclined to build a career with a responsible organization that positively impacts society. Among our efforts to be that type of organization, we recognize that climate change is one of the greatest challenges of our time, and we are committed to doing our part to contribute to the health of the planet by actively investing in initiatives to reduce our environmental footprint. We encourage you to review our 2022 Sustainability Report (located at www.cadence.com), and our 2023 ESG Report when released, for more information on our Environmental, Social and Governance (“ESG”) initiatives.

Publication #3: In mainstream reports

Environmental issues covered in publication: Climate change

Status: Complete

Content elements:

- Governance
- Strategy
- Emissions figures
- Emission targets

Page/Section reference:

Cadence Design Systems, Inc. 2024 Proxy Statement.pdf

Page 1-2: Human Capital Management and Corporate Social Responsibility (PDF page 3-4)

Page 2: Corporate Governance and Stockholder Engagement (PDF page 4)

Page 5: Environmental Sustainability (PDF page 7)

Page 6: Supply Chain Management (PDF page 8)

Attach the document: Cadence Design Systems proxy-statement-2024.pdf

Comment: Cadence’s commitment to corporate social responsibility and its environmental, social and governance (“ESG”) initiatives create value for the company and all of its stakeholders. We believe that as a global leader in electronic design whose offerings enable the world’s most innovative companies to bring to market products that transform the way people live, work and play, Cadence has an opportunity and a responsibility to be an organization that positively impacts society. As we work towards this goal, Cadence is committed to building ethical and sustainable business operations and supply chains and to maintaining governance structures that are in line with the best practices of our peers.

As the impact of climate change intensifies, Cadence is increasingly providing creative solutions to reduce power consumption and enable more sustainable innovation across the technology industry. Since 2019, we have significantly decreased the combined Scope 1, 2, and 3 emissions, and we are on track to halve GHG emissions by 2030. Cadence secured CarbonNeutral® certification across our global operations for 2021 and 2022, and we expect to secure certification for 2023 as well. While we are excited about our progress, we continue to invest in value chain engagement around decarbonization through our full value chain to achieve Net-Zero by 2040.

Publication #4: In voluntary communications

Environmental issues covered in publication

- Climate change
- Water

Status: Complete

Content elements:

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Page/Section reference: Cadence CDP Climate Change Report pages 1-66

Attach the document: cdns-2023-cdp-climate-change-report

Comment: In addition to making our 2023 CDP Climate Change Response public through the CDP website, we made this disclosure available on our Cadence website in 2023.

C5. Business Strategy

(C5.1) Does your organization use scenario analysis to identify environmental outcomes?

Environmental Issue	Use of scenario analysis	Frequency of analysis
Climate change	Yes	Annually
Water	Yes	Annually

(C5.1.1) Provide details of the scenarios used in your organization’s scenario analysis.

Environmental issue this scenario has been used to analyze: Climate change

Physical climate scenarios: RCP 8.5

Scenario used SSPs used in conjunction with scenario: SSP5

Approach to scenario: Qualitative and quantitative

Scenario coverage: Organization-wide

Risk types considered in scenario

- Acute physical
- Chronic physical
- Policy
- Market
- Reputation
- Technology
- Liability

Temperature alignment of scenario: 4.0 degree C and above

Reference year: 2020

Timeframes covered: 2030, 2040, 2050, 2060, 2070, 2080, 2090

Driving forces in scenario

Regulators, legal and policy regimes: Global targets

Regulators, legal and policy regimes: Methodologies and expectations for science-based targets

Assumptions, uncertainties and constraints in scenario: The RCP 8.5 climate-related scenarios were used to assess potential climate-related physical and transition risks related to our operations by decade from the 2020s through the 2090s using business as usual, optimistic, and pessimistic conditions. In this assessment, all Cadence Design Systems operational sites were examined, including both owned and leased locations, as well as our top 100 suppliers. For transitional risks we map macro-level transition risks to our operations and value chain, quantifying the impact of carbon pricing risk exposure, applying future carbon price scenarios, quantifying potential financial or strategic impact on Cadence's business. Relative risk is assessed through industry and peer benchmarking, as well as against the science-based climate transition pathways.

We have analyzed Market Risk Exposure due to Cadence's suppliers potentially being subject to increased carbon taxes and passing those increases to Cadence, for our top 100 suppliers, by GICS industry and based on activity to determine the potential risk to their EBITDA for 2025, 2030 and 2050.

Reputation Risk Exposure was assessed through Cadence's S&P Global ESG Climate Strategy score and by comparing Cadence's carbon intensity against the S&P Carbon Global Standard, as well as the alignment of our carbon reduction targets with the Paris agreement through 2030 vis-à-vis a peer set.

Technology Risk Exposure was assessed based on current low carbon service offerings and R&D spend for relevant EU taxonomy activity areas, as well as evidence of low-carbon CAPEX, OPEX and value chain spend.

Our Policy Risk Exposure scenario analysis considers the impact of future carbon prices on company financials. Policy/regulatory risk exposure in the form of increased pricing of regulated GHG emissions, non-compliance risk and increased operating costs was analyzed in five-year intervals from 2025 through 2050. The analysis considered three future carbon pricing scenarios: High Carbon Price Scenario, Moderate Carbon Price Scenario, Low Carbon Price Scenario.

Rationale for choice of scenario: These time horizons were deemed relevant and consistent with the methodology aligned with our 2040 Net-Zero target and 2030 Science Based Target and beyond.

High Carbon Price Scenario: This scenario represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the goal of limiting climate change to 2°C by 2100. This scenario is based on research by the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) (2017).

Moderate Carbon Price Scenario: This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term, but with action delayed in the short term. This scenario draws on research by the OECD and the IEA along with assessments of the sufficiency of country Nationally Determined Contributions by Climate Action Tracker by Ecofys, a leading international energy and climate consultancy focused on sustainable energy for everyone, Climate Analytics, Global climate science and policy institute, and New Climate Team. Countries with Nationally Determined Contributions that are not aligned to the 2°C goal in the short term are assumed to increase their climate mitigation efforts in the medium and long term.

Low Price Scenario: This scenario represents the full implementation of country Nationally Determined Contributions under the Paris Agreement, based on research by OECD and IEA (2017). Prices in this scenario are considered likely to be insufficient to achieve the goals of the Paris Agreement.

Environmental issue this scenario has been used to analyze: Climate change

Physical climate scenarios: RCP 4.5

Scenario used SSPs used in conjunction with scenario: No SSP used

Approach to scenario: Qualitative and quantitative

Scenario coverage: Organization-wide

Risk types considered in scenario

- Acute physical
- Chronic physical
- Policy
- Market
- Reputation
- Technology
- Liability

Temperature alignment of scenario: 1.5 degree C or lower

Reference year: 2020

Timeframes covered: 2030, 2040, 2050, 2060, 2070, 2080, 2090

Driving forces in scenario

Regulators, legal and policy regimes: Global targets

Regulators, legal and policy regimes: Methodologies and expectations for science-based targets

Assumptions, uncertainties and constraints in scenario: The RCP 4.5 climate-related scenarios were used to assess potential climate-related physical and transition risks related to our operations by decade from the 2020s through the 2090s using business as usual, optimistic, and pessimistic conditions. In this assessment, all Cadence Design Systems operational sites were examined, including both owned and leased locations, as well as our top 100 suppliers. For transitional risks we map macro-level transition risks to our operations and value chain, quantifying the impact of carbon pricing risk exposure, applying future carbon price scenarios, quantifying potential financial or strategic impact on Cadence's business. Relative risk is assessed through industry and peer benchmarking, as well as against the science-based climate transition pathways.

We have analyzed Market Risk Exposure due to Cadence's suppliers potentially being subject to increased carbon taxes and passing those increases to Cadence, for our top 100 suppliers, by GICS industry and based on activity to determine the potential risk to their EBITDA for 2025, 2030 and 2050.

Reputation Risk Exposure was assessed through Cadence's S&P Global ESG Climate Strategy score and by comparing Cadence's carbon intensity against the S&P Carbon Global Standard, as well as the alignment of our carbon reduction targets with the Paris agreement through 2030 vis-à-vis a peer set.

Technology Risk Exposure was assessed based on current low carbon service offerings and R&D spend for relevant EU taxonomy activity areas, as well as evidence of low-carbon CAPEX, OPEX and value chain spend.

Our Policy Risk Exposure scenario analysis considers the impact of future carbon prices on company financials. Policy/regulatory risk exposure in the form of increased pricing of regulated GHG emissions, non-compliance risk and increased operating costs was analyzed in five-year intervals from 2025 through 2050. The analysis considered three future carbon pricing scenarios: High Carbon Price Scenario, Moderate Carbon Price Scenario, Low Carbon Price Scenario.

Rationale for choice of scenario: These time horizons were deemed relevant and consistent with the methodology aligned with our 2040 Net-Zero target and 2030 Science Based Target and beyond.

High Carbon Price Scenario: This scenario represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the goal of limiting climate change to 2°C by 2100. This scenario is based on research by the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) (2017).

Moderate Carbon Price Scenario: This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term, but with action delayed in the short term. This scenario draws on research by the OECD and the IEA along with assessments of the sufficiency of country Nationally Determined Contributions by Climate Action Tracker by Ecofys, a leading international energy and climate consultancy focused on sustainable energy for everyone, Climate Analytics, Global climate science and policy institute, and New Climate Team. Countries with Nationally Determined Contributions that are not aligned to the 2°C goal in the short term are assumed to increase their climate mitigation efforts in the medium and long term.

Low Price Scenario: This scenario represents the full implementation of country Nationally Determined Contributions under the Paris Agreement, based on research by OECD and IEA (2017). Prices in this scenario are considered likely to be insufficient to achieve the goals of the Paris Agreement.

Environmental issue this scenario has been used to analyze: Climate change

Scenario used: IEA2DS

Scenario used SSPs used in conjunction with scenario: No SSP used

Approach to scenario: Qualitative and quantitative

Scenario coverage: Organization-wide

Risk types considered in scenario

- Policy
- Liability

Temperature alignment of scenario: 2.0°C - 2.4°C'

Reference year: 2020

Timeframes covered: 2030, 2040, 2050

Driving forces in scenario

Regulators, legal and policy regimes: Global targets

Regulators, legal and policy regimes: Methodologies and expectations for science-based targets

Assumptions, uncertainties and constraints in scenario:

Policy/regulatory risk exposure in the form of increased pricing of regulated GHG emissions and increased operating costs was analyzed in five-year intervals from 2025 through 2050. The analysis considered three future carbon pricing scenarios:

High Carbon Price Scenario: This scenario represents the implementation of policies that are considered sufficient to reduce greenhouse gas emissions in line with the goal of limiting climate change to 2°C by 2100. This scenario is based on research by the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) (2017).

Moderate Carbon Price Scenario: This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term, but with action delayed in the short term. This scenario draws on research by the OECD and the IEA along with assessments of the sufficiency of country Nationally Determined Contributions by Climate Action Tracker by Ecofys, a leading international energy and climate consultancy focused on sustainable energy for everyone, Climate Analytics, Global climate science and policy institute, and New Climate Team. Countries with Nationally Determined Contributions that are not aligned to the 2°C goal in the short term are assumed to increase their climate mitigation efforts in the medium and long term.

Low Price Scenario: This scenario represents the full implementation of country Nationally Determined Contributions under the Paris Agreement, based on research by OECD and IEA (2017). Prices in this scenario are considered likely to be insufficient to achieve the goals of the Paris Agreement.

Rationale for choice of scenario: Our Policy Risk Exposure scenario analysis considers the impact of future carbon prices on company financials. For transitional risks our process consists of mapping macro-level transition risks to our operations and value chain, quantifying the impact of carbon pricing risk exposure, applying future carbon price scenarios, quantifying potential financial or strategic impact on Cadence's business. Relative risk is assessed through

industry and peer benchmarking, as well as against the science-based climate transition pathway.

Environmental issue this scenario has been used to analyze: Water

Scenario used: RCP 8.5

Scenario used SSPs used in conjunction with scenario: SSP 5

Approach to scenario: Qualitative and quantitative

Scenario coverage: Organization-wide

Risk types considered in scenario

- Acute physical
- Chronic physical

Temperature alignment of scenario: 4.0 degree C and above

Reference year: 2020

Timeframes covered: 2030, 2040

Driving forces in scenario

Stakeholder and customer demands: Impact of nature footprint on reputation

Stakeholder and customer demands: Other stakeholder and customer demands driving forces, please specify:

Customer and investor inquiries

Direct interaction with climate: On asset values, on the corporate

Assumptions, uncertainties and constraints in scenario:

Our climate-related scenario analysis on physical risks related to water utilizes the RCP 8.5 climate-related scenario without modification. The tool leveraged was the World Resources Institute (WRI) Water Risk Atlas, and the assumptions utilized include business as usual, optimistic, and pessimistic conditions for the period examined. In this assessment, all Cadence Design Systems operational sites were examined, including both owned and leased locations.

This time horizon considered was 2022 through 2040 and this time horizon was deemed relevant to the organization as it aligns with our net-zero and 2030 Science Based Target, and these time horizons are consistent with that methodology.

Rationale for choice of scenario: Focal questions revolve around the extent to which our offices are inherently vulnerable to water stress, drought, and flooding, currently, and in the future (2030, 2040). These time horizons were deemed relevant and consistent with the methodology aligned with our 2040 Net-Zero target and 2030 Science Based Target and beyond.

(C5.1.2) Provide details of the outcomes of your organization's scenario analysis

Environmental Issue: Climate Change

Business processes influenced by your analysis of the reported scenarios:

Risk and opportunities identification, assessment and management

Strategy and financial planning

Resilience of business model and strategy

Capacity building

Target setting and transition planning

Coverage of analysis: Organization-wide

Summarize the outcomes of the scenario analysis and any implications for other environmental issues

Focal questions revolve around the extent to which our current strategy is resilient in the transition to a 1.5°C today through 2030. In the reporting year, our climate-related scenario analysis included transition risks including market risk, policy/regulatory risk, reputation risk, and technology risk as well as physical acute risks and physical chronic risks. Additionally, the scope of our analysis of physical risks includes temperature extremes, tropical cyclones, and wildfire, in addition to water stress, drought, and flooding (coastal and fluvial).

Based on our current risk assessments and scenario analysis, we believe our strategy is resilient. Our software and services enable our customers to produce products that meet their critical business goals including time-to-market, costs and productivity while responding to growing global environmental concerns including sustainability and carbon emissions—a strategy we believe provides resilience in the face of climate change. We continue to invest in climate risk assessment, as well as climate change mitigation and adaptation across our operations and value chain. We believe we are well positioned to capture climate-related opportunities and that our Intelligent System Design Strategy provides resilience. We have not identified any climate-related risks with the potential to have a substantive financial or strategic impact on Cadence. Cadence's Intelligent System Design strategy positions us well to capture climate-related opportunities. An evolving transition plan which aligns with a 1.5°C world is in place.

The results of our scenario analysis informed several decisions and actions in relation to the focal question. In 2023, we introduced Virtuoso® Studio and Allegro® X AI to bring AI to custom/analog and PCB designs, Voltus™ InsightAI to automatically address voltage drop violations, and most recently, the revolutionary Millennium M1 platform, the industry's first accelerated multi-physics supercomputing platform, to deliver an unprecedented 20X energy efficiency and up to a 100X design impact. We also made strategic acquisitions which further increase the impact of our innovation on sustainability for system design. In the 2023 ESG report, we highlight how innovators around the world are using Cadence tools to create products with a lower carbon footprint. We also remain committed to investing our resources to improve our own operational footprint. 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.

Environmental Issue: Water

Business processes influenced by your analysis of the reported scenarios

- Risk and opportunities identification, assessment and management
- Capacity building

Coverage of analysis: Organization-wide

Summarize the outcomes of the scenario analysis and any implications for other environmental issues: In the reporting year, we focused our climate-related scenario analysis on physical risks related to water. Focal questions revolve around the extent to which our offices are inherently vulnerable to water stress, drought, and flooding, currently, and in the future (2030, 2040). Flooding, drought, and water stress are climate-related issues that our employees, customers, and investors care about. Our annual water risk assessment shows that the proportion of our use and consumption of water in high or extremely high water stressed areas increased this year due to changes in the natural environment. Our efforts to use water efficiently are informed by our annual water risk assessment.

The RCP 4.5 climate-related scenario was utilized in the scenario analysis produced for Cadence Design Systems without modification. The tool leveraged was the World Resources Institute (WRI) Water Risk Atlas, and the assumptions utilized include business as usual, optimistic, and pessimistic conditions for the period examined. This time horizon considered was 2022 through 2040 and this time horizon was deemed relevant to the organization as it aligns with our net-zero and 2030 Science Based Target, and these time horizons are consistent with that methodology. In this assessment, all Cadence Design Systems operational sites were examined, including both owned and leased locations, as well as key contract manufacturing partners.

(C5.2) Does your organization's strategy include a climate transition plan?

Transition plan: Yes, we have a transition plan which aligns with a 1.5°C world

Publicly available transition plan: No

Plan explicitly commits to cease all spending on, and revenue generation from, activities that contribute to fossil fuel expansion

No, and we do not plan to add an explicit commitment within the next two years

Explain why your organization does not explicitly commit to cease all spending on and revenue

generation from activities that contribute to fossil fuel expansion: Our transition plan does not explicitly commit to cease all spending on activities that contribute to fossil fuel expansion because our spend does not include capital or operational expenditures linked to fossil fuel expansion. Currently, we are not investing in the development of the fossil fuel industry.

Mechanism by which feedback is collected from shareholders on your transition plan

We have a different feedback mechanism in place

Description of feedback mechanism

We currently publish details on our transition plan and emissions reduction targets in our annual ESG Report, our 10-K and in our Proxy Statement and encourage feedback from all relevant stakeholders. In the reporting year, we committed to validating our Net-Zero target through the SBTi, where our progress is disclosed.

As our stockholders play an important role in governance, Cadence maintains a robust stockholder engagement

program to better understand your viewpoints on topics such as sustainable business practices, board composition and refreshment, climate change, culture, diversity, equity and inclusion and executive compensation. Our stockholders also have the opportunity to communicate their views at Cadence's annual meeting or by writing to us at the address provided in the section of this proxy statement entitled "Communication with Directors."

Frequency of feedback collection: More frequently than annually

Description of key assumptions and dependencies on which the transition plan relies

The key assumptions used to develop our transition plan include availability of resources. Our plan is to target 100% renewable electricity and continue the transition to long-term, renewable energy procurement contracts as well as neutralize remaining emissions with high-quality carbon removals. Further, our transition plan depends on value chain cooperation. Our plan is to continue strategic partnerships with suppliers who have committed to Net-Zero emissions, encourage partners that have not yet set GHG reduction targets to do so and continue to track and measure customer progress towards Net-Zero emissions.

Description of progress against transition plan disclosed in current or previous reporting period

Progress made against our transition plan included strengthening our transition to long-term renewable energy, improving our supplier engagement and investing in biodiversity. In early 2024, we strengthened our transition to long-term renewable energy and commitment to purchaser-caused renewable electricity by signing a virtual power purchase agreement (VPPA) to help finance a to-be-built solar farm in the U.S. Once operational, we expect our portion of the project will deliver solar power to the grid equivalent to our entire U.S. electric load and approximately half of our global Scope 2 emissions. Further, we launched a Supplier Engagement Program. Supplier response to our engagement program has been positive, with roughly half of our 2023 upstream Scope 3 emissions calculated using suppliers reported emissions, increasing from one third in 2022. Lastly, we made progress in our investments in biodiversity, forestry maintenance, and organic carbon removals. In 2023, we neutralized Scope 1 and a portion of 3 emissions through high-quality carbon offsets that had benefits beyond carbon reductions.

Attach any relevant documents which detail your transition plan (optional)

cadence-2023-environmental-social-and-governance-report.pdf

Other environmental issues that your climate transition plan considers

No other environmental issue considered

(C5.4) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition

No, but we plan to in the next two years

(C5.9) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating

expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Water-related CAPEX (+/- % change)

0%

Anticipated forward trend for CAPEX (+/- % change)

+5%

Water-related OPEX (+/- % change)

-35%

Anticipated forward trend for OPEX (+/- % change)

+5%

Please explain

Our water related CAPEX remained the same compared to the previous reporting year because no necessary upgrades were required during the reporting year. We anticipate a 5% increase in water related CAPEX due to upgrades in equipment in the upcoming years.

Our water related OPEX, for provision of freshwater used for drinking, sanitation and wash services, has decreased by 35% due to increased rainfall and the use of conservation measures implemented across our operations, including automated taps and sensor technology. We anticipate a 5% increase in water related OPEX due to increases in office activity during the upcoming years.

(C5.10) Does your organization use an internal price on environmental externalities?

Use of internal pricing of environmental externalities: Yes

Environmental externality priced: Carbon

(C5.10.1) Provide details of your organization's internal price on carbon.

Type of pricing scheme: Implicit price

Objectives for implementing internal price

- Setting and/or achieving of climate-related policies and targets
- Set a carbon offset budget

Factors considered when determining the price

- Cost of required measures to achieve climate-related targets
- Price/cost of renewable energy procurement
- Price/cost of voluntary carbon offset credits

Calculation methodology and assumptions made in determining the price

The calculation for our implicit price on carbon is equal to the cost of emissions abatement (EACs and carbon offsets purchased during the reporting year) divided by the 2023 tons of GHG emissions abated within the boundary. The implicit price was calculated retroactively, after the desired emissions reductions. Because the calculation is based on actual spend, no assumptions were needed.

Scopes covered

- Scope 1
- Scope 2
- Scope 3, Category 3 - Fuel- and energy-related activities (not included in Scope 1 or 2)
- Scope 3, Category 5 - Waste generated in operations
- Scope 3, Category 6 - Business travel
- Scope 3, Category 7 - Employee commuting

Pricing approach used – spatial variance: Uniform**Pricing approach used – temporal variance:** Evolutionary

Indicate how you expect the price to change over time: We expect prices to increase over time due to increases in market demand and improvements in standards. Our implicit price is linked to the actual cost of renewable electricity and carbon offsets at the time of purchase; however, we expect this price to evolve year on year depending on the market. Our implicit price model is evolutionary and therefore will change as the market evolves. While it is difficult to forecast exactly how the market will change, BloombergNEF estimates in a high-quality scenario, prices “reaching just \$20/ton in 2030, but begin rising rapidly as milestone years for net-zero goals approach and reach \$238/ton in 2050. Under the Voluntary market scenario, prices reach just \$13/ton in 2030 and a mere \$14/ton in 2050.” The high-quality scenario would represent 160% increase by 2030 and a ~3000% increase by 2050 compared to Cadence’s 2023 implicit price. Projections in the Voluntary market scenario would represent 67% increase and an 80% increase by 2050 compared to Cadence’s 2023 implicit price.

Minimum actual price used (currency per metric ton CO₂e): \$7.78**Maximum actual price used (currency per metric ton CO₂e):** \$7.78**Business decision-making processes the internal price is applied to**

- Capital expenditure
- Impact management

Internal price is mandatory within business decision-making processes: Yes, for some decision-making processes, please specify: The implicit price is mandatory for our carbon reduction decision making processes, specifically the management of EAC/carbon offset expenditures.

% total emissions in the reporting year in selected scopes this internal price covers: 79%**Pricing approach is monitored and evaluated to achieve objectives:** Yes**Details of how the pricing approach is monitored and evaluated to achieve your objectives:**

Our implicit pricing approach serves primarily as a basis for setting a carbon reduction budget and is monitored by our internal ESG team as well as by external consultants to evaluate how the price affects our progress toward climate-related policies and targets. In 2023, monitoring and evaluating our yearly funding for short-term energy attribute certificates across different regions, enabled us to strengthen our transition to long-term renewable energy and commitment to purchaser-caused renewable electricity by signing a virtual power purchase agreement (VPPA) to help finance a to-be-built solar farm in the U.S. Once operational, we expect our portion of the project will deliver solar power to the grid equivalent to our entire U.S. electric load and approximately half of our global Scope 2 emissions. We continue to seek opportunities 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). Incorporating the implicit price of carbon to our evaluation of transition pathways for SBTi has contributed to the formulation of our Net-Zero Plan. In 2023, we had an absolute reduction of 88% over Scope 1 and Scope 2 combined emissions compared to the 2019 baseline.

(C5.11) Do you engage with your value chain on environmental issues?

Value chain stakeholder	Engaging with this stakeholder on environmental issues	Environmental issues covered
Suppliers	Yes	Climate change Water
Customers	Yes	Climate change Water
Investors and shareholders	Yes	Climate change Water
Other value chain stakeholders	Yes	Climate change Water

(C5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

#1 Environmental issues covered: Climate change

Assessment of supplier dependencies and/or impacts on the environment: Yes, we assess the dependencies and/or impacts of our suppliers

Criteria for assessing supplier dependencies and/or impacts on the environment: Contribution to supplier-related Scope 3 emissions

% Tier 1 suppliers assessed: 1-25%

Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment: In 2023, we expanded our climate-related supply chain engagement activities with key suppliers, prioritizing engagement based on carbon intensity and spend volume with a supplier. To measure alignment with our

decarbonization strategy, we track which suppliers have set or committed to set carbon reduction targets and respond to CDP. Currently, our threshold for classifying suppliers as having substantive dependencies is set to 10% or more of Cadence Design Systems' annual Scope 3 emissions.

% Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment:
1-25%

Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment: 1

#2 Environmental issues covered: Water

Assessment of supplier dependencies and/or impacts on the environment: Yes, we assess the dependencies and/or impacts of our suppliers

Criteria for assessing supplier dependencies and/or impacts on the environment: Dependence on water, Dependence on ecosystem services/environmental assets

% Tier 1 suppliers assessed: Less than 1%

Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment: In 2023, we expanded our supply chain engagement activities with key suppliers, prioritizing engagement based on spend volume with a supplier. For contract manufacturing partners, we have begun assessing dependency on water, ecosystem services, and environmental assets. Because our threshold for classifying suppliers as having substantive dependencies relative to water, ecosystem services, and environmental assets is under development, we have not yet identified any Tier 1 suppliers.

% Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment:
None

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Environmental issue covered	Supplier engagement prioritization on this environmental issue	Criteria informing which suppliers are prioritized for engagement on this environmental issue	Primary reason for no supplier prioritization on this environmental issue	Please explain
Climate change	Yes, we prioritize which suppliers to engage with on this environmental issue	In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change	N/A	Yes, we prioritize which suppliers to engage with on climate change based on absolute emissions, carbon intensity and spend volume with a

				supplier. With this prioritization, 80% of suppliers by spend are included in our engagement activities.
Water	Yes, we prioritize which suppliers to engage with on this environmental issue	In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to water	N/A	For contract manufacturing partners, we have begun assessing dependency on water, ecosystem services, and environmental assets. Because our threshold for classifying suppliers as having substantive dependencies relative to water, ecosystem services, and environmental assets is under development, we have not yet identified any Tier 1 suppliers meeting the threshold. However, we do prioritize assessment of dependencies and impacts of suppliers based on water intensity of industry sector. As such, we have prioritized our contract manufacturing partners.
Plastics	No, we do not prioritize which	N/A	Not an immediate strategic priority	

	supplier to engage with on this environmental issue			
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(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization’s purchasing process?

Environmental issue	Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process	Policy in place for addressing supplier non-compliance	Comment
Climate Change	No, but we plan to introduce environmental requirements related to this environmental issue within the next two years	No, we do not have a policy in place for addressing non-compliance	We plan to introduce environmental requirements related to this environmental issue within the next two years
Water	No, but we plan to introduce environmental requirements related to this environmental issue within the next two years	No, we do not have a policy in place for addressing non-compliance	We plan to introduce environmental requirements related to this environmental issue within the next two years

(C5.11.7) Provide further details of your organization’s supplier engagement on environmental issues.

#1 Environmental issue covered: Climate change

Action driven by supplier engagement: Emissions reduction

Type and details of engagement: Information collection: Collect GHG emissions data at least annually from suppliers, Collect targets information at least annually from suppliers

Upstream value chain coverage: Tier 1 suppliers

% of tier 1 suppliers by procurement spend covered by engagement: 76-99%

% of tier 1 supplier-related scope 3 emissions covered by engagement: 26-50%

Describe the engagement and explain the effect of your engagement on the selected environmental action: To measure alignment with our decarbonization strategy, we track which suppliers have set or committed to set carbon reduction targets and respond to CDP. In 2023 59% of our spend is with suppliers that have set or have committed to

set science-based targets to reduce GHG emissions, up from 32% in 2022.

Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action: Yes

#2 Environmental issue covered: Water

Action driven by supplier engagement: Adaptation to climate change

Type and details of engagement: Information collection: Other information collection activity, please specify: Water Policies

Upstream value chain coverage: Tier 1 suppliers

% of tier 1 suppliers by procurement spend covered by engagement: 76-99%

% tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement: None

Describe the engagement and explain the effect of your engagement on the selected environmental action: As part of our supplier engagement strategy, we collect information about our supplier's water policies. Having a water policy in place is evidence of water stewardship, an important component of adaptation to climate change.

Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action: Unknown

(C5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Row 1:

Environmental Issue: Climate change

Type of stakeholder: Customers

Type of engagement: Innovation and collaboration

Details of engagement: Collaborate with stakeholders on innovations to reduce environmental impacts in products and services

% of stakeholder type engaged: 51-75%

% stakeholder-associated scope 3 emissions: 76-99%

Rationale for engaging these stakeholders and scope of engagement

Scope: We market energy optimization products to all our customers and educate them about the positive climate change impacts of our products. We engage with our hardware line customers on how to use our products to optimize power consumption and reduce carbon footprints, including efficient new models such as the Palladium Z2, introduced in 2021.

Rationale for engagement: Engagement with these customers is prioritized since Downstream Value Chain Emissions (Scope 3) account for 59% of our total Scope 1, 2, and 3 emissions, with the use of sold product (category 11) accounting for the majority of those emissions.

Effect of engagement and measures of success

Effect: Innovators around the world are using Cadence tools throughout the electronic system design flow, to create products—chips to printed circuit board to systems and data centers with a demonstrated impact on lowering their carbon footprint.

Measure of success:

Growth in the percentage of hardware line customers using our Palladium, Z2, compared with total hardware line customers. Our threshold for success is 1% or more annual increase in customers using our latest model Palladium. In 2023, 63% of our hardware line customers were using Palladium Z2, a 10% increase over the previous year.

Impact:

Hardware line customers use our products to optimize power consumption to reduce carbon footprints. Palladium power emulation efficiency yields 40% improvement in watts/million gates in Z2 architecture which helps the customer improve their operational efficiency. Further, Hybrid Simulation with Palladium and Helium™ platforms reduces emulation time and therefore power consumption. Cadence engages with customers through the calculation of our Scope 3 downstream emissions, we take customers' existing renewable electricity and Net-Zero targets into consideration in our calculations and will continue to engage with customers on these topics as we work to Net-Zero. Since 2019, downstream Scope 3 emissions have decreased by nearly half (47%), largely due to our customers' investments in renewable electricity and carbon reductions in their own operations.

Row 2:

Environmental Issue: Climate change

Type of stakeholder: Customers

Type of engagement: Education/information sharing.

Details of engagement: Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of stakeholder type engaged: 100%

% stakeholder-associated scope 3 emissions: 51-75%

Rationale for engaging these stakeholders and scope of engagement:

Scope: We market energy optimization products to all our customers and educate them about the positive climate change impacts of our products. Webinars, available to all Cadence customers, include information around optimized power consumption to help our customers design the lowest power end-products. 2023 Examples include:

“Maximizing Performance and Energy Efficiency for Arm-Based SoCs,” “Stratus HLS Automated Power Shutoff to Minimize Power and Retention Registers,” “IR2.0 - Building a New Paradigm for Power Integrity,” “Proactive Energy Management/Capacity Planning for Today’s Data Centers” “Passive Component Synthesis and Optimization for IC Design” “Low-Power Verification Using Xcelium Simulation.” At Cadence Live, an annual event, users, developers and industry experts came together to connect, share ideas and inspire design creativity.

Rationale: The majority of gains in low power occur in the early stages of design—in the architecture and microarchitecture levels. Making effective decisions at those stages requires a combination of data and technology to accurately predict how they will translate into the final product. We educate customers about these possibilities. One of the essential drivers for the electronics industry is the desire to develop products that continuously reduce power consumption while increasing performance. Awareness of power usage, performance, and area (PPA) in electronic design is critical, another reason we run these webinars.

Effect of engagement and measures of success

Effect: The effect of this engagement is that Cadence’s Intelligent System Design strategy enables our customers to design innovative and differentiated electronic products while optimizing performance and power.

Measure of success: The measures of success of our engagement campaign to educate customers about the climate change impacts of using our products, includes continued innovation providing technology to achieve the ideal combination of low power with high performance in smaller form factors. An example of a threshold for measuring success is a gain in efficiency points at average to low power and without efficacy loss at maximum capacity.

Description of Impact: The positive impact on climate change consists of our customers using our products to optimize power consumption to reduce carbon footprints.

Row 3:

Environmental Issue: Climate change

Type of stakeholder: Investors and shareholders

Type of engagement: Education/Information

Details of engagement: Share information on environmental initiatives, progress and achievements

% of stakeholder type engaged: 100%

% stakeholder-associated scope 3 emissions: None

Rationale for engaging these stakeholders and scope of engagement

Scope: We engage with all the Capital Market Signatories to the CDP request by responding to their annual request.

Rationale for engagement: Investors are an important part of our value chain. In 2024, CDP reported over 800 financial institutions with assets of US \$142 trillion signed CDP’s disclosure request. We are submitting a full CDP questionnaire response as our primary method of engagement with these investors.

Other methods of climate-related engagement with investors include participation in other surveys such as the ISS E&S Disclosure Quality Score, institution-to-institution meetings, and written correspondence. We also provided investors with our 2023 ESG Report which includes details on our climate-related strategy and carbon footprint.

Effect of engagement and measures of success

Effect: The effect of sharing our information on environmental initiatives, progress and achievements with investors through CDP, investors have access to standardized climate-related information with which to assess climate-related risks and opportunities in potential investments.

Measure of success: The impact of information sharing with investors is driving inclusion of Cadence in several ESG funds, indexes and low-carbon investment options. Our threshold for success is continued inclusion in ESG funds and Indexes, awards and strong ratings and rankings.

Impact: With the ability to assess climate risk and opportunities investors can have a positive impact on climate-related issues by directing capital in line with their risk profile and corporate values.

Row 4:

Environmental Issue: Climate change

Type of stakeholder: Other value chain stakeholder, please specify, Employees

Type of engagement: Innovation/Collaboration

Details of engagement: Run a campaign to encourage innovation to reduce environmental impacts

% of stakeholder type engaged: 100%

% stakeholder-associated scope 3 emissions: None

Rationale for engaging these stakeholders and scope of engagement

Scope: All employees

Rationale for engagement: Cadence launched a global employee challenge based on our Environmental, Social, and Governance (ESG) Report, aiming to engage all employees deeply into our ESG programs, grow awareness, and through participation create a learning experience for all employees. Cadence invited all employees to contribute innovative ideas to further our sustainability objectives. These are not just company goals; they are our shared responsibility.

Effect of engagement and measures of success

Effect and impact: Our employee engagement program – Mission Sustainable – is having a positive effect on climate change by increasing awareness of Cadence’s ESG goals so that employees can incorporate these goals in their functions and contribute innovative ideas to further our sustainability objectives. Submissions spanned areas of Water Management, Zero Waste, Energy Efficiency, Product Innovation, and Supply Chain Efficiency. The outcome resulted in a wave of enthusiasm across our global team.

Measure of success: We measure the success of these programs through participation in events as well as the number of submissions. In addition to deepening employee engagement around ESG issues, the positive impact on climate change may be realized through the implementation of these creative, employee submitted ideas.

Other climate-related engagements include:

- Extreme Tech Challenge on their Deep Tech Climate Challenge at CES
- The Cadence University Incubator program
- The Cadence Certified Training Partner Program
- Technology partner of the McLaren Formula 1 Team
- The University of Pennsylvania’s Formula Electric SAE team
- Team4Tech partnership
- Multi-year partnership with Clinton Health Access Initiative (CHAI) to address the impacts of climate change through next generation air conditioning units

Row 5: Reduce Aquaculture Biological Footprint with Fluid-Structure Interaction Simulations

Environmental Issue: Water

Type of stakeholder: Customer

Type and details of engagement: Information/Communication

Details of engagement: Run an engagement campaign to educate customers about the environmental impacts of (using) your products, goods, and/or services

% of stakeholder type engaged: 100%

Rationale for engaging these stakeholders and scope of engagement

Scope: All customers

Rationale for engagement: Through our marketing materials, product press releases, and annual ESG report, we educate all customers about how our products can be used to innovate around water-related issues such as: Leveraging Computational Fluid Dynamics to Predict, Model, and Mitigate Tsunamis for a Safer Tomorrow; Reduce Aquaculture Biological Footprint with Fluid-Structure Interaction Simulations; and Reduce Stagnation in Fish Cages with Fluid-Structure Interaction Studies.

Effect of engagement and measures of success

Effect and Impact: The effect of running engagement campaigns to educate customers about the water-related impacts of our products is that more customers become aware of ways that our products can be used to improve water-related impacts.

For example, fluid-structure interaction studies can help design robust and sustainable fish cage nets that minimize stagnation and ensure successful fish production while reducing the aquaculture biological footprint.

Measure of success: The measures of success of our engagement campaign to educate customers about the water-related applications for our products, includes continued innovation.

Row 6:

Environmental Issue: Water

Type of stakeholder: Investors and shareholders

Type of engagement: Education/Information

Details of engagement: Share information on environmental initiatives, progress and achievements

% of stakeholder type engaged: 100%

Rationale for engaging these stakeholders and scope of engagement

Scope: We engage with all the Capital Market Signatories to the CDP request by responding to their annual request.

Rationale for engagement: Investors are an important part of our value chain. In 2024, CDP reported over 800 financial institutions with assets of US \$142 trillion signed CDP's disclosure request. We are submitting a full CDP questionnaire response as our primary method of engagement with these investors.

Other methods of climate-related engagement with investors include participation in other surveys such as the ISS E&S Disclosure Quality Score, institution-to-institution meetings, and written correspondence. We also provided investors with our 2023 ESG Report which includes details on our climate-related strategy and carbon footprint.

Effect of engagement and measures of success

Effect: The effect of sharing information on environmental initiatives, progress and achievements with investors through CDP, is having a positive impact on water by providing investors access to standardized water-related information that can help them assess water risk in potential investments.

Measure of success: Inclusion in ESG funds and Indexes. The impact of information sharing with investors is driving inclusion of Cadence in a number of ESG funds, indexes and low-carbon investment options.

Impact: With the ability to assess water risk investors can have a positive impact on water-related issues by directing capital in line with their risk profile and corporate values.

Row 7:

Environmental Issue: Water

Type of stakeholder: Other value chain stakeholder, please specify, Employees

Type of engagement: Innovation/Collaboration

Details of engagement: Run a campaign to encourage innovation to reduce environmental impacts

% of stakeholder type engaged: 100%

Rationale for engaging these stakeholders and scope of engagement

Scope: All employees

Rationale for engagement: Cadence launched a global employee challenge based on our Environmental, Social, and Governance (ESG) Report, aiming to engage all employees deeply into our ESG programs, grow awareness, and through participation create a learning experience for all employees. Cadence invited all employees to contribute innovative ideas to further our sustainability objectives. These are not just company goals; they are our shared responsibility.

Effect of engagement and measures of success

Effect: Our employee engagement program – Mission Sustainable – is having a positive effect on water by increasing awareness of Cadence’s ESG goals so that employees can work to incorporate these goals in their functions and contribute innovative ideas to further our sustainability objectives. Submissions spanned areas of Water Management, Zero Waste, Energy Efficiency, Product Innovation, and Supply Chain Efficiency. The outcome resulted in a wave of enthusiasm across our global team.

Measure of success: We measure the success of these programs through participation in events as well as the number of submissions.

Impact: In addition to deepening employee engagement around ESG issues, the positive impact on climate change may be realized through the implementation of these creative, employee submitted ideas.

C6. Environmental Performance - Consolidation Approach

(C6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance

data.

Environmental issue	Consolidation approach used	Provide the rationale for the choice of consolidation approach
Climate change	Operational control	As per GHG Protocol, the operational control approach was chosen to account for all emissions from facilities and operations over which Cadence has operational control. This consolidation method is most appropriate for Cadence’s business and is the same consolidation approach used in our financial accounting.
Water	Operational control	The operational control approach was chosen to account for water withdrawals, use and discharges from facilities and operations over which Cadence has operational control. This consolidation method is most appropriate for Cadence’s business and is the same consolidation approach used in our financial accounting.
Plastics	Operational control	This consolidation method is most appropriate for Cadences business and is the same consolidation approach used in our financial accounting.
Biodiversity	Operational control	This consolidation method is most appropriate for Cadences business and is the same consolidation approach used in our financial accounting.

C7. Environmental performance - Climate Change

(C7.1) Is this your first year of reporting emissions data to CDP? No

(C7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data? Has there been a structural change? Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with
Pulsic Ltd.

IP Assets from Rambus
Intrinsix Corporation

Details of structural change(s), including completion dates:

The acquisition of Pulsic Ltd. was completed on May 4, 2023, the acquisition of SerDes and memory interface physical layer IP business from Rambus was completed on September 6, 2023, and the acquisition of Intrinsix Corporation was completed on October 2, 2023. The addition of Pulsic further strengthens Cadence's Virtuoso Studio commitment to using AI to facilitate our many customers as they push through the traditionally manual tasks of custom design and enter new realms of design possibility via automation and innovation. The acquisition of the Rambus PHY IP broadens Cadence's well-established enterprise IP portfolio and expands its reach across geographies and vertical markets, such as the aerospace and defense market, providing complete subsystem solutions that meet the demands of our worldwide customers. The addition of Intrinsix Corporation brings Cadence a highly skilled engineering team with expertise in advanced nodes, radio frequency, mixed-signal and security algorithms, scaling Cadence's system and IC design services team and expanding Cadence's reach in key high-growth verticals, including aerospace and defense.

(C7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	<p>This year we introduced several improvements to the calculation methodologies for Scope 3 emissions. Through partnering with suppliers, more than one-half of our 2023 upstream Scope 3 emissions are now calculated using suppliers' reported emissions, up from one-third in 2022. For the other half, we estimate emissions based on spend and industry average emissions factors from US EPA Environmentally-Extended Input-Output Models (EEIO).</p> <p>Additionally, through aligning with SBTi methodology, we expanded our GHG emissions inventory for Scope 3 emissions to include downstream emissions categories calculating for the use phase of our hardware products over the entirety of their useful life.</p>

(C7.1.3) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in 7.1.1 and/or 7.1.2?

Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
No, because the impact does not meet our significance threshold	The base year recalculation policy for emissions is currently based on a 5% significance threshold. The base year emissions are recalculated if errors are found that would result in significant changes to total Scope-specific emissions for the base year, or structural changes occur due to events such as acquisitions or divestitures that similarly impact base year emissions above the significance threshold. Organic changes to emissions, such as the opening and closure of sites because of growth or contraction, rather than acquisition or divestment, are not considered for recalculations. Opportunities for base year recalculation are identified and evaluated during both the annual emissions inventory data collection and calculation process, as well as the 3rd-party limited assurance verification process that is conducted following the completion of each annual emissions inventory.	No

(C7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol: Scope 2 Guidance

(C7.3) Describe your organization's approach to reporting Scope 2 emissions in the reporting year.

- Scope 2, location-based:** We are reporting a Scope 2, location-based figure
- Scope 2, market-based:** We are reporting a Scope 2, market-based figure
- Comment:** We are reporting both location-based and a market-based Scope 2 figures.

(C7.4) Are there any sources (e.g., facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure? No

(C7.5) Provide your base year and base year emissions.

Provide your base year and base year emissions.

Scope 1

Base year end

12/31/2019

Base year emissions (metric tons CO2e)

6,314

Methodological details

Our base year (2019) scope 1 emissions were 6,314 metric tons of CO2e. These emissions encompass the direct combustion emissions of greenhouse gases from operations controlled by the company. Calculations are based on

primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Emission factors for the direct combustion of fossil fuels were obtained from the US EPA default emissions factors for greenhouse gas reporting. Rational for these methodological choices are based on the GHG Protocol.

Scope 2 (location-based)**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

31,796

Methodological details

Our base year (2019) scope 2 (location-based) emissions were 31,796 metric tons of CO₂e. Calculations are based on primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Scope 2 emissions account for the indirect emissions associated with purchased electricity. Location-based emission calculations include the use of regionally specific grid mix factors. Rational for these methodological choices are based on the GHG Protocol.

Scope 2 (market-based)**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

26,363

Methodological details

Our base year (2019) scope 2 (market-based) emissions were 26,363 metric tons of CO₂e. Calculations are based on primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Scope 2 accounts for the indirect emissions associated with purchased electricity. Market-based emission calculations include the use of emission factors that represent the actual electricity mix supplied, including any contractual instruments such as renewable energy credits (RECs). In cases where supplier specific mixes are unavailable, a residual mix was used. In the absence of any residual mix data, the location-based grid mixes were used. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 1: Purchased goods and services**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

43,322

Methodological details

The emissions estimate reported for Purchased Goods and Services is based on spend that is accounted for as goods and services in the general ledger. For key vendors the hybrid method is used to calculate emissions, whereas the average spend-based method is used for the balance of spend. Those emissions were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 2: Capital goods**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

5,975

Methodological details

Emissions reported for Capital Goods are based on the purchase of Real Estate-related services, construction, R&D-related manufacturing, vehicles, computer hardware and software that are accounted for as capital goods in the general ledger. For key vendors the hybrid method is used to calculate emissions, whereas the average spend-based method is used for the balance of spend. Those emissions were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

1,088

Methodological details

Within the U.S., T&D losses are calculated using % loss information from EPA's eGrid for Carbon Footprinting Electricity Purchases in Greenhouse Gas Emission Inventories. We use energy purchase activity data as the basis for calculating emissions in this category. Upstream emissions from purchased electricity within the US are quantified using activity data and emission factors calculated. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 4: Upstream transportation and distribution**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

1,244

Methodological details

The emissions associated with the upstream transportation and distribution goods and services are based on the total sum of spend, by Cadence, for shipping and courier services. Those emissions were calculated using the US EPA

Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 5: Waste generated in operations

Base year end

12/31/2019

Base year emissions (metric tons CO₂e)

56

Methodological details

Emissions were calculated using recycling data compiled regionally focusing mainly on e-waste recycling. The volume of recycled materials by material in either kg or tons is multiplied by emissions factors from DEFRA. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 6: Business travel

Base year end

12/31/2019

Base year emissions (metric tons CO₂e)

20,446

Methodological details

Emissions related to airfare, taxi transportation and hotels are calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 7: Employee commuting

Base year end

12/31/2019

Base year emissions (metric tons CO₂e)

12,750

Methodological details

Emissions were calculated using the environmentally extended input/output (EEIO) methodology with the Quantis Scope 3 Evaluator. Due to COVID-19, the calculations were updated to represent 25% of typical commuting in a pre-pandemic year. The emissions for employee commuting are estimated on the range of number of employees of the company. Emissions for remote work are accounted for on an annual basis, using a custom model that estimates remote work-related emissions from electricity and fuels used for heating, cooling, lighting, and computer equipment. Assumptions around the number of employees working remotely and estimated hours worked are set based on our remote work policies. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 8: Upstream leased assets

Base year end

12/31/2019

Base year emissions (metric tons CO₂e)

5,711

Methodological details

Emissions reported here are based on leased vehicles and temporary apartment leases. Leased vehicle emissions are calculated based on spend data related to petrol used in those vehicles, distanced travelled based on fuel expenditures and DEFRA WTW factors. Temporary apartment lease emissions are based on leased space square footage and regionally specific grid mix factors. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 9: Downstream transportation and distribution**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

All transportation and distribution is paid for by Cadence and is included in scope 3 category 4 upstream transportation and distribution therefore emissions in this category are deemed not relevant.

Scope 3 category 10: Processing of sold products**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

Cadence Design Systems enables customers to design electronic products by offering software, hardware, services and reusable IC design blocks, which are commonly referred to as intellectual property ("IP"). These products are not intermediate products and hence not relevant. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Scope 3 category 11: Use of sold products**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

362,121

Methodological details

Emissions reported here are based on total number of units sold in the reporting year, location of operating unit, power consumption of unit based on product type, average lifespan of unit and regionally specific grid mix factors. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 12: End of life treatment of sold products**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

6

Methodological details

Emissions reported here are based on total number of units sold in the reporting year, weight of unit based on product type and DEFRA waste factors. Rational for these methodological choices are based on the GHG Protocol.

Scope 3 category 13: Downstream leased assets**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

Cadence Design Systems does not have any downstream leased assets. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Scope 3 category 14: Franchises**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

Cadence Design Systems does not have any franchises. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Scope 3 category 15: Investments**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

1,359

Methodological details

Emissions reported here are based on investments during the reporting year, percent share of investment, annual revenue of investee and the US EPA Environmentally-Extended Input-Output Models (EEIO) by investee business industry. Rational for these methodological choices are based on the GHG Protocol.

Scope 3: Other (upstream)**Base year end**

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

Cadence Design Systems does not have other Scope 3 emissions. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Scope 3: Other (downstream)

Base year end

12/31/2019

Base year emissions (metric tons CO₂e)

0

Methodological details

Cadence Design Systems does not have other Scope 3 emissions. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

(C7.6) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Year

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

2,853

Methodological details

Scope 1 emissions in the 2023 reporting year were 7,709 metric tons of CO₂e. These emissions encompass the direct combustion emissions of greenhouse gases from operations controlled by the company. Calculations are based on primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Emission factors for the direct combustion of fossil fuels were obtained from the US EPA default emissions factors for greenhouse gas reporting. Rational for these methodological choices are based on the GHG Protocol.

(C7.7) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Year

Reporting year

Gross global Scope 2, location-based emissions (metric tons CO₂e)

25,510

Gross global Scope 2, market-based emissions (metric tons CO₂e) (if applicable)

1,062

Methodological details

Scope 2 location-based emissions in the 2023 reporting year were 25,510 metric tons of CO₂e. Scope 2 accounts for the indirect emissions associated with purchased electricity. Location-based emission calculations include the use of regionally specific grid mix factors. Calculations are based on primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Rational for these methodological choices are based on the GHG

Protocol.

Scope 2 market-based emissions in the 2023 reporting year were 1,062 metric tons of CO₂e. Market-based emission calculations include the use of emission factors that represent the actual electricity mix supplied, including any contractual instruments such as renewable energy credits (RECs). In cases where supplier specific mixes are unavailable, a residual mix was used. In the absence of any residual mix data, the location-based grid mixes were used. Calculations are based on primary company-wide data. Sources and activity data were identified based on a combination of utility and maintenance bills, and on-site metering. Where actual data was not available estimations were made based on sq. ft. Rational for these methodological choices are based on the GHG Protocol.

(C7.8) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 85,840

Emissions calculation methodology: Hybrid method, Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 53

Please explain: The emissions estimate reported for Purchased Goods and Services is based on spend that is accounted for as goods and services in the general ledger. For key vendors the hybrid method is used to calculate emissions, whereas the average spend-based method is used for the balance of spend. Those emissions were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Capital goods

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 17,618

Emissions calculation methodology: Hybrid method, Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 53

Please explain: Emissions reported for Capital Goods are based on the purchase of Real Estate-related services, construction, R&D-related manufacturing, vehicles, computer hardware and software that are accounted for as capital goods in the general ledger. For key vendors the hybrid method is used to calculate emissions, whereas the average spend-based method is used for the balance of spend. Those emissions were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 617

Emissions calculation methodology: Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 100

Please explain: Within the U.S., T&D losses are calculated using % loss information from EPA's eGrid for Carbon Footprinting Electricity Purchases in Greenhouse Gas Emission Inventories. We use energy purchase activity data as the basis for calculating emissions in this category. Upstream emissions from purchased electricity within the US are quantified using activity data and emission factors calculated. Rational for these methodological choices are based on the GHG Protocol.

Upstream transportation and distribution

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 1806

Emissions calculation methodology: Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 100

Please explain: The emissions associated with the upstream transportation and distribution goods and services are based on the total sum of spend, by Cadence, for shipping and courier services. Those emissions were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Waste generated in operations

Evaluation status: Not relevant, calculated

Emissions in reporting year (metric tons CO₂e): 65

Emissions calculation methodology: Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 100

Please explain: Because calculated emissions from this category are relatively low this category is deemed to be not relevant. As a software and IT company the impact of the other categories like purchased goods and services is much more significant. Emissions were calculated using recycling data compiled regionally focusing mainly on e-waste recycling. The volume of recycled materials by material in either kg or tons is multiplied by emissions factors from DEFRA. Rational for these methodological choices are based on the GHG Protocol.

Business travel

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 6,843

Emissions calculation methodology: Distance-based method, Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 0

Please explain: Emissions related to airfare is calculated using DEFRA factors with radiative forcing based on flight distance in km. Emissions related to ground transportation and hotel stays were calculated using the US EPA Environmentally-Extended Input-Output Models (EEIO). Rational for these methodological choices are based on the GHG Protocol.

Employee commuting

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 13,489

Emissions calculation methodology: Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 0

Please explain: Emissions for employee commuting were calculated using the average data method. Average commuting distances, average mode of transportation, number of employees in reporting year and DEFRA WTW factors were used to calculate well-to-wheel emissions for employee commuting. Emissions for remote work are accounted for on an annual basis, using a custom model that estimates remote work-related emissions from electricity and fuels used for heating, cooling, lighting, and computer equipment. Assumptions around the number of employees working remotely and estimated hours worked are set based on our remote work policies. Rationale for these methodological choices are based on the GHG Protocol.

Upstream leased assets

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 5,060

Emissions calculation methodology: Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 0

Please explain: Emissions reported here are based on leased vehicles and temporary apartment leases. Leased vehicle emissions are calculated based on spend data related to petrol used in those vehicles, average distance travelled based on fuel expenditures and DEFRA WTW factors. Temporary apartment lease emissions are based on leased space square footage and regionally specific grid mix factors. Rationale for these methodological choices are based on the GHG Protocol.

Downstream transportation and distribution

Evaluation status: Not relevant, explanation provided

Emissions in reporting year (metric tons CO₂e): 0

Please explain: All transportation and distribution is paid for by Cadence and is included in scope 3 category 4 upstream transportation and distribution therefore emissions in this category are zero and deemed not relevant.

Processing of sold products

Evaluation status: Not relevant, explanation provided

Please explain: Cadence Design Systems enables customers to design electronic products by offering software, hardware, services and reusable IC design blocks, which are commonly referred to as intellectual property ("IP"). These products are not intermediate products and hence not relevant. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Use of sold products

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 191,636

Emissions calculation methodology: Methodology for direct use phase emissions: Products that directly consume energy (fuels or electricity) during use

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 100

Please explain: Emissions reported here are based on total number of products sold in the reporting year, location of operating the product, power consumption of product based on product type, average lifespan of product and regionally specific grid mix factors. Rational for these methodological choices are based on the GHG Protocol.

End of life treatment of sold products

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 6

Emissions calculation methodology: Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 0

Please explain: Emissions reported here are based on total number of products sold in the reporting year, weight of product based on product type and DEFRA waste factors. Rational for these methodological choices are based on the GHG Protocol.

Downstream leased assets

Evaluation status: Not relevant, explanation provided

Please explain: Cadence Design Systems does not have any downstream leased assets. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Franchises

Evaluation status: Not relevant, explanation provided

Please explain: Cadence Design Systems does not have any franchises. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Investments

Evaluation status: Relevant, calculated

Emissions in reporting year (metric tons CO₂e): 1,289

Emissions calculation methodology: Investment-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners: 0

Please explain: Emissions reported here are based on investments during the reporting year, percent share of investment, annual revenue of investee and the US EPA Environmentally-Extended Input-Output Models (EEIO) by investee business industry. Rational for these methodological choices are based on the GHG Protocol.

Other (upstream)

Evaluation status: Not relevant, explanation provided

Please explain: Cadence Design Systems does not have other Scope 3 emissions. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

Other (downstream)

Evaluation status: Not relevant, explanation provided

Please explain: Cadence Design Systems does not have other Scope 3 emissions. Therefore, emissions from this category are estimated at zero (0) and this category is deemed to be not relevant.

(7.8.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

End Date

12/31/2019

Scope 3: Purchased goods and services (metric tons CO₂e): 43,322

Scope 3: Capital goods (metric tons CO₂e): 5,975

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e): 1,088

Scope 3: Upstream transportation and distribution (metric tons CO₂e): 1,244

Scope 3: Waste generated in operations (metric tons CO₂e): 56

Scope 3: Business travel (metric tons CO₂e): 20,446

Scope 3: Employee commuting (metric tons CO₂e): 12,750

Scope 3: Upstream leased assets (metric tons CO₂e): 5,711

Scope 3: Downstream transportation and distribution (metric tons CO₂e)

Scope 3: Processing of sold products (metric tons CO₂e)

Scope 3: Use of sold products (metric tons CO₂e): 362,121

Scope 3: End of life treatment of sold products (metric tons CO₂e): 6

Scope 3: Downstream leased assets (metric tons CO₂e)

Scope 3: Franchises (metric tons CO₂e)

Scope 3: Investments (metric tons CO₂e): 1,359

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

In 2023 we submitted near-term and Net-Zero targets to the SBTi for review and validation. Aligning with SBTi methodology, we expanded our GHG emissions inventory for Scope 3 emissions to include downstream emissions categories calculating for the use phase of our hardware products over the entirety of their useful life.

(C7.9) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

(C7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cadence Design Systems 2023 GHG Verification Opinion.pdf

Page/ section reference

p.1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

(C7.9.2) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cadence Design Systems 2023 GHG Verification Opinion.pdf

Page/ section reference

p.1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cadence Design Systems 2023 GHG Verification Opinion.pdf

Page/ section reference

p.1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

(C7.9.3) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Scope 3: Capital goods

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Scope 3: Upstream Transportation & Distribution

Scope 3: Waste generated in operations

Scope 3: Business travel

Scope 3: Employee commuting

Scope 3: Upstream leased assets

Scope 3: Use of Sold Products

Scope 3: End of life treatment

Scope 3: Investments

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Cadence Design Systems 2023 GHG Verification Opinion.pdf

Page/ section reference

p.1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

(C7.10) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year? Decreased

(C7.10.1) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1,062.00	Increase	13.78%	Calculations for change in renewable energy consists of kwh consumed from renewable sources multiplied by market -based emission factors by specific region used to offset most of market-based scope 2 emissions. (all sites except Korea and Taiwan)
Other emissions reduction activities	56	Decrease	1.43%	Calculations for other emission reduction activities include LED light upgrades & insulation efficiency upgrades. Both upgrades were calculated based on the amount of energy saved from this year compared to the previous year multiplied by the site-specific emission factor.
Divestment	0.00	No change	0.00%	No divestments influenced a change in our 2023 emissions.

Acquisitions	1.13	Increase	0.03%	Calculations for the change in acquisitions included Scope 1 emissions from 4 Acquired sites in 2023 (New Castle, Bristol, Toronto & Marlborough.)
Mergers	0.00	No change	0.00%	No mergers influenced a change in our 2023 emissions.
Change in output	0.00	No change	0.00%	No change in output influenced a change in our 2023 emissions.
Change in methodology	5,470.00	Decrease	139.72%	Updates made in fugitive emissions calculation methodology influenced a change in our 2023 emissions. Further, significant investments in refrigeration systems upgrades have contributed to an overall 88% decrease in GHG emissions from our own operations and co-located data centers over the 2019 baseline.
Change in boundary	396.83	Increase	10.14%	Calculations for the change in boundary included 5 locations not maintained following acquisitions and 2 offices closed. (Tokyo, New York, Endicott, New Providence, Santa Clara, Palo Alto, San Jose 2). Further, there was an increase in space at 3 sites (Bangalore, Noida & Austin).
Change in physical operating conditions	0.00	No change	0.00%	No change in physical operating conditions influenced a change in our 2023 emissions.
Unidentified	272.14	Increase	6.95%	Remaining change in emissions year to year.
Other	0.00	No change	0.00%	No other changes influenced a change in our 2023 emissions.

(C7.10.2) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure? Market-based

(C7.12) Are carbon dioxide emissions from biogenic carbon relevant to your organization? No

(C7.15) Does your organization break down its Scope 1 emissions by greenhouse gas type? Yes

(C7.15.1) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	1,388.56	IPCC Fifth Assessment Report (AR6 – 100 year)
CH ₄	1.08	IPCC Fifth Assessment Report (AR6 – 100 year)
N ₂ O	1.48	IPCC Fifth Assessment Report (AR6 – 100 year)

HFCs	1,461.58	IPCC Fifth Assessment Report (AR6 – 100 year)
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(C7.16) Break down your total gross global Scope 1 and 2 emissions by country/area.

Country/Area	Scope 1 emissions (metric tons CO ₂ e)	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Belgium	4	15	-
Brazil	7	47	-
Canada	2	41	-
China	233	1,600	-
Finland	0	1	-
France	7	11	-
Germany	9	404	-
Hungary	0	0	-
India	1,023	7,829	-
Ireland	11	99	-
Israel	96	616	-
Italy	1	9	-
Japan	9	271	-
Malaysia	0	2	-
Poland	4	63	-
Singapore	1	16	-
Republic of Korea	22	75	75
Sweden	2	1	-
Taiwan, China	31	987	987
United Kingdom of Great Britain and Northern Ireland	14	74	-
United States of America	1,377	13,347	-
Vietnam	0	2	-
Grand total	2,853	25,510	1,062

(C7.17) Indicate which gross global Scope 1 emissions breakdowns you are able to provide. By activity

(C7.17.3) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO ₂ e)
Stationary combustion (Natural gas)	925.89
Stationary combustion (Diesel)	431.98
Stationary combustion (Propane)	33.25
Fugitive Refrigerants	1,461.58

(C7.20) Indicate which gross global Scope 2 emissions breakdowns you are able to provide. By activity

(C7.20.3) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Purchased electricity	25,510	1,062

(C7.22) Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Group of entities

Consolidated accounting group

Scope 1 emissions (metric tons CO2e)

2,853

Scope 2, location-based emissions (metric tons CO2e)

25,510

Scope 2, market-based emissions (metric tons CO2e)

1,062

Please explain

The operational control approach was chosen to account for all emissions from the parent company and all facilities and operations over which Cadence has operational control. This consolidation method is most appropriate for Cadence’s business and is the same consolidation approach used in our financial accounting.

Group of entities

All other entities

Scope 1 emissions (metric tons CO2e)

0

Scope 2, location-based emissions (metric tons CO2e)

0

Scope 2, market-based emissions (metric tons CO2e)

0

Please explain

We do not have other entities that fall outside of our consolidated accounting group.

(C7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response? No

(C7.27) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	We are working with key customers to allocate emissions with increasing accuracy.

(C7.28) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

Describe how you plan to develop your capabilities

We are engaging with key customers to understand their needs and keep up with best practice approaches.

(C7.29) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

(C7.30) Select which energy-related activities your organization has undertaken.

Activity	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

(C7.30.1) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV	0	6,985.61	6,985.61
Consumption of purchased or acquired electricity	N/A	70,003.00	1,894.00	71,897.00
Consumption of self-generated non-fuel renewable energy	N/A	756.00	N/A	756.00
Total energy consumption	N/A	70,759.00	8,879.61	79,638.61

(C7.30.6) Select the applications of your organization’s consumption of fuel.

Fuel Application	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

(C7.30.7) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

N/A

Other biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

N/A

Other renewable fuels (e.g., renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

N/A

Coal

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

N/A

Oil

Heating value

HHV

Total fuel MWh consumed by the organization

1,716

MWh fuel consumed for self-generation of electricity

1,716

MWh fuel consumed for self-generation of heat

0

Comment

Diesel for all sites generated in Noida, Bangalore and Pune.

Gas

Heating value

HHV

Total fuel MWh consumed by the organization

5,269

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

5,269

Comment

5,107.33 MWh from NG, 162 MWH from LPG (EPA EF Hub gal/btu HHV used)

Other non-renewable fuels (e.g., non-renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Comment

N/A

Total fuel

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

6,986

MWh fuel consumed for self-generation of electricity

1,716

MWh fuel consumed for self-generation of heat

5,269

Comment

Natural gas and propane are used for self-generation of heat and diesel is used for self-generation of electricity.

(C7.30.9) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2,472	2,472	756	756
Heat	5,269	5,269	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

(C7.30.14) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in 7.7.

Country / area of low-carbon energy consumption	Sourcing method	Energy Carrier	Low-carbon technology type	Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)	Tracking instrument used	Country/ area of origin (generation) of the low-carbon energy or energy attribute	Are you able to report the commissioning or re-powering year of the energy generation facility?	Commissioning year of the energy generation facility (e.g., date of first commercial operation or re-powering)	Comment
USA	Other please specify: on-site solar generation/consumption	Electricity	Solar	402	No instrument used	USA	Yes	2020	San Jose
India	Other please specify: on-site solar generation/consumption	Electricity	Solar	354	No instrument used	India	Yes	2022	Noida
USA	Project specific contract with an electricity supplier	Electricity	Wind	2659	contract	USA	Yes	2023	Richmond COLO
Ireland	Project specific contract with an electricity supplier	Electricity	Wind	292	contract	Ireland	Yes	2023	Cork & Dublin
Germany	Project specific contract with an electricity supplier	Electricity	Wind	160	contract	Germany	Yes	2023	Felderkirchen
Belgium	EAC	Electricity	Solar	109	GO	Belgium	Yes	2023	Solar
Brazil	EAC	Electricity	Wind	353	I-REC	Brazil	Yes	2023	Wind
Canada	EAC	Electricity	Wind	344	Green-e REC	Canada	Yes	2023	Wind
China	EAC	Electricity	Wind	2615	I-REC	China	Yes	2023	Wind
Finland	EAC	Electricity	Solar	13	GO	Finland	Yes	2023	Solar
France	EAC	Electricity	Solar	208	GO	France	Yes	2023	Solar

		y							
Germany	EAC	Electricity	Solar	999	GO	Germany	Yes	2023	Solar
Hungary	EAC	Electricity	Solar	2	GO	Hungary	Yes	2023	Solar
India	EAC	Electricity	Hydro	10930	I-REC	India	Yes	2023	Hydro
Ireland	EAC	Electricity	Solar	21	GO	Ireland	Yes	2023	Solar
Israel	EAC	Electricity	Solar	1392	GO	Israel	Yes	2023	Solar
Italy	EAC	Electricity	Solar	33	GO	Italy	Yes	2023	Solar
Japan	EAC	Electricity	Solar	584	J-Credit	Japan	Yes	2023	Solar
Malaysia	EAC	Electricity	Solar	4	I-REC	Malaysia	Yes	2023	Solar
Poland	EAC	Electricity	Solar	98	GO	Poland	Yes	2023	Solar
Singapore	EAC	Electricity	Solar	41	I-REC	Singapore	Yes	2023	Solar
Sweden	EAC	Electricity	Solar	53	GO	Sweden	Yes	2023	Solar
United Kingdom of Great Britain and Northern Ireland	EAC	Electricity	Wind	358	REGO	United Kingdom of Great Britain and Northern Ireland	Yes	2023	Wind
United States of America	EAC	Electricity	Wind	48730	Green-e REC	United States of America	Yes	2023	Wind
Vietnam	EAC	Electricity	Hydro	5	I-REC	Vietnam	Yes	2023	Hydro
Total				70,759					

(C7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Country/Area	Consumption of purchased electricity MWh	Consumption of self-generated electricity MWh	Consumption of purchased heat, steam, and cooling MWh	Consumption of self-generated heat, steam, and cooling MWh	Total non-fuel energy consumption (MWh)
Belgium	109	0.00	0.00	0.00	109
Brazil	353	0.00	0.00	0.00	353
Canada	344	0.00	0.00	0.00	344
China	2,615	0.00	0.00	0.00	2,615
Finland	13	0.00	0.00	0.00	13
France	208	0.00	0.00	0.00	208
Germany	1,159	0.00	0.00	0.00	1,159
Hungary	2	0.00	0.00	0.00	2
India	10,930	354.00	0.00	0.00	11,284
Ireland	313	0.00	0.00	0.00	313
Israel	1,392	0.00	0.00	0.00	1,392
Italy	33	0.00	0.00	0.00	33
Japan	584	0.00	0.00	0.00	584
Malaysia	4	0.00	0.00	0.00	4
Poland	98	0.00	0.00	0.00	98
Republic of Korea	164	0.00	0.00	0.00	164
Singapore	41	0.00	0.00	0.00	41
Sweden	53	0.00	0.00	0.00	53
Taiwan, Greater China	1,730	0.00	0.00	0.00	1,730
United Kingdom of Great Britain and Northern Ireland	358	0.00	0.00	0.00	358
United States of America	51,389	402.00	0.00	0.00	51,791
Vietnam	5	0.00	0.00	0.00	5
Total	71,897	756.00	0.00	0.00	72,653

(C7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure: 0.0000069347

Metric numerator (Gross global combined Scope 1 and 2 emissions metric tons CO₂e): 28,363

Metric denominator: unit total revenue

Metric denominator: Unit total: \$4,090,000,000

Scope 2 figure used: Location-Based

% change from previous year: 26.27%

Direction of change: Decrease

Reason(s) for change

- Other emissions reduction activities
- Change in revenue

Please explain (2400 words)

A 26% decrease in Location-Based scope 2 emissions per unit of currency is mainly due to the combination of a year-on-year increase in revenue and implemented building energy efficiency initiatives. Our net zero plan involves identifying and implementing opportunities for Greenhouse Gas removals through system upgrades, replacements, and electrification. Therefore during 2023, we implemented 3 building energy efficiency initiatives involving a retrofitted upgrade to LED lights, insulation efficiency upgrade and implementation of low-carbon energy consumption.

During 2023 we experienced an overall 15% increase in revenue. The increase in revenue resulted in a larger percent decrease in overall metric tons of CO₂e per unit of currency compared to the previous year.

Intensity figure: 0.0000009572

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e): 3,915

Metric denominator: unit total revenue

Metric denominator: Unit total: \$4,090,000,000

Scope 2 figure used Market-Based

% change from previous year: 55.77%

Direction of change: Decrease

Reason(s) for change

- Change in renewable energy consumption
- Other emissions reduction activities
- Change in revenue

Please explain (2400 words)

A 56% decrease in Market-Based scope 2 emissions per unit of currency is mainly due to the increase in renewable energy consumption and purchase of RECs along with an increase in revenue and implementation of building energy efficiency initiatives. During 2023, we achieved CarbonNeutral® company certification through our investments in decarbonization including energy efficiency measures, procurement of renewable energy through utility contracts and high-quality Energy Attribute Certificates (EACs), onsite solar installations and high-impact carbon avoidance/removal offsets.

Our net zero plan involves identifying and implementing opportunities for Greenhouse Gas removals through system upgrades, replacements, and electrification. Therefore, we implemented 3 building energy efficiency initiatives involving a retrofitted upgrade to LED lights, insulation efficiency upgrade and implementation of low-carbon energy consumption.

Lastly, during the reporting year we experienced an overall 15% increase in revenue. This increase in revenue caused a larger percent change in overall metric tons of CO₂e per unit of currency compared to the previous year.

(C7.52) Provide any additional climate-related metrics relevant to your business. n/a

(C7.53) Did you have an emissions target that was active in the reporting year? Absolute target

(C7.53.1) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

No, but we are reporting another target that is science-based

Date target was set

03/22/2021

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO₂)

- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

End date of base year

12/31/2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

6,314

Base year Scope 2 emissions covered by target (metric tons CO₂e)

26,363

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

32,677

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

12/31/2025

Targeted reduction from base year (%)

15

Total emissions at end date of target covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

27,775.45

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

2,853

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

1,062

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

3,915

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g., non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

586.79

Target status in reporting year

Achieved and maintained

Please explain target coverage and identify any exclusions

The goal covers Scope 1 and 2 emissions for all of our owned and leased properties with no exclusions. We are pleased to announce we achieved our greenhouse gas reduction target of 15% by 2025 over our 2019 baseline emissions in 2021, four years early. The goal covers Scope 1 and 2 emissions for all of our owned and leased properties and is informed by the Science Based Targets Initiative and the 2 degree Celsius scenario.

Target objective

The objective of this near-term target was to start planning carbon reduction initiatives to reach our Net-Zero full value chain emissions target by 2040.

Target derived using a sectoral decarbonization approach

No

List the emissions reduction initiatives which contributed most to achieving this target

We reduced our Scope 1+2 emissions by 88% from the 2019 baseline. Increased use of renewable energy and significant investments in refrigeration systems upgrades have contributed to an overall 88% decrease in GHG emissions from our own operations and co-located data centers over the 2019 baseline. Further, emissions reduction initiatives listed in questions 7.55.1 and 7.55.2 also contributed to achieving this target.

Target reference number

Abs 2

Is this a science-based target?

No, but we are reporting another target that is science-based

Date target was set

03/21/2022

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

End date of base year

12/31/2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

6,314

Base year Scope 2 emissions covered by target (metric tons CO₂e)

26,363

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

32,677

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

12/31/2030

Targeted reduction from base year (%)

50

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

16,338.5

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

2,853

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

1,062

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

3,915

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g., non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

176.04

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The goal covers Scope 1 and 2 emissions for all of our owned and leased properties with no exclusions.

Target objective

The objective this near-term target is to be SBTi aligned and reach our Net-Zero full value chain emissions target by 2040.

Plan for achieving target, and progress made to the end of the reporting year

For all actions under consideration to achieve our 2030 target, strong preference will be given to those providing additionality. We are pursuing and evaluating 100% renewable electricity and energy optimization projects. We reduced our Scope 1+2 emissions by 88% from the 2019 baseline. Increased use of renewable energy and significant investments in refrigeration systems upgrades have contributed to an overall 88% decrease in GHG emissions from our own operations and co-located data centers over the 2019 baseline.

Target derived using a sectoral decarbonization approach

No

#3 Target reference number

Abs 3

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter: Cadence Design Systems - Near-Term Approval Letter - Tuesday_ 16 July 2024.pdf

Target Ambition

1.5°C aligned

Date target was set

07/16/2024

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

End date of base year

12/31/2019

Base year Scope 1 emissions covered by target (metric tons CO₂e)

6,314

Base year Scope 2 emissions covered by target (metric tons CO₂e)

26,363

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

32,677

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

12/31/2030

Targeted reduction from base year (%)

89.78

Total emissions at end date of target covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

3,339.589

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

2,853

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

1,062

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

3,915

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g., non-FLAG SBT)

% of target achieved relative to base year

98.04

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

Cadence Design Systems, Inc. commits to reduce absolute scope 1 and 2 GHG emissions 89.78% by 2030 from a 2019 base year. This target covers Scope 1 and 2 emissions for all of our owned and leased properties with no exclusions.

Target objective

The objective this near-term target is to be SBTi aligned and reach our Net-Zero full value chain emissions target by 2040.

Plan for achieving target, and progress made to the end of the reporting year

For all actions under consideration to achieve our 2030 target, strong preference will be given to those providing additionality. We are pursuing and evaluating 100% renewable electricity and energy optimization projects. We reduced our Scope 1+2 emissions by 88% from the 2019 baseline. Increased use of renewable energy and significant investments in refrigeration systems upgrades have contributed to an overall 88% decrease in GHG emissions from

our own operations and co-located data centers over the 2019 baseline.

Target derived using a sectoral decarbonization approach: No

#4 Target reference number

Abs 4

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter: Cadence Design Systems - Near-Term Approval Letter - Tuesday_ 16 July 2024.pdf

Target Ambition

1.5°C aligned

Date target was set

07/16/2024

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Scope(s)

Scope 3

Scope 3 category(ies)

Scope 3, Category 1 – Purchased goods and services

Scope 3, Category 2 – Capital goods

Scope 3, Category 3 – Fuel- and energy- related activities (not included in Scope 1 or 2)

Scope 3, Category 4 – Upstream transportation and distribution

Scope 3, Category 5 – Waste generated in operations

Scope 3, Category 6 – Business travel

Scope 3, Category 7 – Employee commuting

Scope 3, Category 8 - Upstream leased assets

Scope 3, Category 11 – Use of sold products

Scope 3, Category 12 – End-of-life treatment of sold products

Scope 3, Category 15 – Investments

End date of base year

12/31/2019

Base year total Scope 3 emissions covered by target (metric tons CO₂e)

451,944

Total base year emissions covered by target in all selected scopes

451,944

Base year Scope 3 emissions covered by target (metric tons CO₂e)

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

100

Target year

12/31/2030

Targeted reduction from base year (%)

46.2

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

243,145.872

Total Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

320,751

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

320,751

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g., non-FLAG SBT)

% of target achieved relative to base year

62.83

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

Cadence Design Systems, Inc. also commits to reduce absolute scope 3 GHG emissions 46.2% within the same timeframe. This target covers Scope 3 emissions across our full value chain with no exclusions.

Target objective

The objective this near-term target is to be SBTi aligned and reach our Net-Zero full value chain emissions target by 2040.

Plan for achieving target, and progress made to the end of the reporting year

Since 2019 we have focused on climate engagement with suppliers of goods and services, including capital goods, and business travel. Through this engagement program, we have seen increased data quality from our supply chain, improving the accuracy of supply chain emissions calculations. Supplier response to our engagement program has been positive, with roughly half of our 2023 upstream Scope 3 emissions calculated using suppliers reported emissions, increasing from one third in 2022. We will continue to engage with key suppliers to align on emissions reduction strategies and encourage them on their NetZero journeys. In measuring our Scope 3 downstream emissions, we take customers' existing renewable electricity and Net-Zero targets into consideration in our calculations and will continue to engage with customers on these topics as we work to Net-Zero. Overall, we have reduced our full value chain emissions by 33% over a 2019 baseline.

Target derived using a sectoral decarbonization approach: No

#5 Target reference number

Abs 5

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter: Cadence Design Systems – Net-Zero Approval Letter - Tuesday_ 16 July 2024.pdf

Target Ambition

1.5°C aligned

Date target was set

07/16/2024

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)

- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

End date of base year

12/31/2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

6,314

Base year Scope 2 emissions covered by target (metric tons CO2e)

26,363

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

32,677

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected

Scopes

100

Target year

12/31/2040

Targeted reduction from base year (%)

90

Total emissions at end date of target covered by target in all selected scopes (metric tons CO2e) [auto-calculated]

3,267.7

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

2,853

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

1,062

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

3,915

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year

97.8

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

Cadence Design Systems, Inc. commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2040 from a 2019 base year. This target covers Scope 1 and 2 emissions for all of our owned and leased properties with no exclusions.

Target objective

The objective this long-term target is to be SBTi aligned and reach our Net-Zero full value chain emissions target by 2040.

Plan for achieving target, and progress made to the end of the reporting year

For all actions under consideration to achieve our 2040 long-term target, strong preference will be given to those providing additionality. We are pursuing and evaluating 100% renewable electricity and energy optimization projects. We reduced our Scope 1+2 emissions by 88% from the 2019 baseline. Increased use of renewable energy and significant investments in refrigeration systems upgrades have contributed to an overall 88% decrease in GHG emissions from our own operations and co-located data centers over the 2019 baseline.

Target derived using a sectoral decarbonization approach: No

#6 Target reference number

Abs 6

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter: Cadence Design Systems - Net-Zero Approval Letter - Tuesday_ 16 July 2024.pdf

Target Ambition

1.5°C aligned

Date target was set

07/16/2024

Target coverage

Organization-wide

Greenhouse gases covered by target

- Carbon dioxide (CO2)

- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Scope(s)

Scope 3

Scope 3 category(ies)

Scope 3, Category 1 – Purchased goods and services

Scope 3, Category 2 – Capital goods

Scope 3, Category 3 – Fuel- and energy- related activities (not included in Scope 1 or 2)

Scope 3, Category 4 – Upstream transportation and distribution

Scope 3, Category 5 – Waste generated in operations

Scope 3, Category 6 – Business travel

Scope 3, Category 7 – Employee commuting

Scope 3, Category 8 - Upstream leased assets

Scope 3, Category 11 – Use of sold products

Scope 3, Category 12 – End-of-life treatment of sold products

Scope 3, Category 15 – Investments

End date of base year

12/31/2019

Base year total Scope 3 emissions covered by target (metric tons CO₂e)

451,944

Base year Scope 3 emissions covered by target (metric tons CO₂e)

100

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

451,944

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

12/31/2040

Targeted reduction from base year (%)

90

Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

45,194.4

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

320,751

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

320,751

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year

32.25

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

Cadence Design Systems, Inc. also commits to reduce absolute scope 3 GHG emissions 90% by 2040 from a 2019 base year. This target covers Scope 3 emissions across our full value chain with no exclusions.

Target objective

The objective this long-term target is to be SBTi aligned and reach our Net-Zero full value chain emissions target by 2040.

Plan for achieving target, and progress made to the end of the reporting year

Since 2019 we have focused on climate engagement with suppliers of goods and services, including capital goods, and business travel. Through this engagement program, we have seen increased data quality from our supply chain, improving the accuracy of supply chain emissions calculations. Supplier response to our engagement program has been positive, with roughly half of our 2023 upstream Scope 3 emissions calculated using suppliers reported emissions, increasing from one third in 2022. We will continue to engage with key suppliers to align on emissions reduction strategies and encourage them on their NetZero journeys. In measuring our Scope 3 downstream emissions, we take customers' existing renewable electricity and Net-Zero targets into consideration in our calculations and will continue to engage with customers on these topics as we work to Net-Zero. Overall, we have reduced our full value chain emissions by 33% over a 2019 baseline.

Target derived using a sectoral decarbonization approach: No

(C7.54) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

(C7.54.3) Provide details of your net-zero target(s).

Target reference number

NZ1

Date Target was set

07/16/2024

Target coverage

organization-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs 3, Abs 4, Abs 5, Abs 6

Target year for achieving net zero

12/31/2040

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Science Based Targets initiative official validation letter: Cadence Design Systems_ Inc. - Net-Zero Approval Letter - Tuesday_ 16 July 2024.pdf

Scopes

- Scope 1
- Scope 2
- Scope 3

Greenhouse gases covered by target

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Explain target coverage and identify any exclusions

Cadence Design Systems, Inc. commits to reach net-zero greenhouse gas emissions across the value chain by 2040. Our Net-Zero target covers Scope 1, 2 and 3 emissions for all of our owned and leased properties with no exclusions. Further, we are aligned with Science-based targets which provides a clearly defined path to reduce emissions in line with the Paris Agreement goals.

Target Objective

The objective this target is to be SBTi aligned and reach Net-Zero full value chain emissions by 2040 as well as work to align our environmental initiatives and stakeholder engagement activities with global goals such as the Paris Agreement and the SDGs.

Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Yes

Do you plan to mitigate emissions beyond your value chain?

Yes, and we have already acted on this in the reporting year

Do you intend to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation?

Yes, we are currently purchasing and cancelling carbon credits for beyond value chain mitigation

Planned milestones and/or near-term investments for neutralization at target year

We have reduction milestones in place for 2025, 2030, and 2040 (Net-Zero). Since 2019, we have reduced Scope 1+2 emissions by 88% and we have reduced full value chain emissions by 33%.

Describe the actions to mitigate emissions beyond your value chain

For 2023, we neutralized Scope 1 and a portion of 3 emissions through high-quality carbon offsets that had benefits beyond carbon reductions. We partner with Climate Impact Partners, leaders in carbon market solutions for climate action. Cadence supports Climate Impact Partners' Clean Energy Portfolio that finances clean energy projects across the globe that displace electricity powered by fossil fuels. Energy generation is one of the biggest emitters of greenhouse gases, and renewable energy investment is a fast and effective solution to reduce these emissions all while improving energy security. We also continued work with key partners in India to improve environmentally friendly practices. In 2023, we worked with our partner, Saahas, in Bangalore, India, to implement a source segregation of waste program impacting 4,000 households and 200 shops in the Koramangala Village 8th Block. The impact of managed waste collection provides cleaner and healthier communities and better living conditions. This is a three-year program, from 2021 through 2024, with carbon avoidance of 1,000 tons.

Target status in reporting year: Underway

Process for reviewing target

Our Board, through its Corporate Governance and Nominating Committee oversees the Company's policies and practices regarding corporate social responsibility and sustainability programs, including climate-related, environmental, social and governance matters and initiatives, and reports to the Board on these programs. Further, the Corporate Governance and Nominating Committee regularly reviews the plans and progress of our environmental program, including climate-related risks and opportunities, and is informed on Cadence's carbon footprint breakdown and the strategy to achieve greenhouse gas emissions reduction targets and progress. 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. These leaders identify and assess climate-related risks and opportunities, as well as establish ESG priorities within their areas. Further, this cross-functional team reviews & monitors ongoing ESG targets.

(C7.55) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases. Yes

(C7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	719
To be implemented*	0	0
Implementation commenced*	3	171
Implemented*	3	23,823
Not to be implemented	0	0

(C7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy Efficiency in buildings
Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

25

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency)

5,000

Investment required (unit currency)

40,000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

Installed efficient blinds in building.

Initiative category & Initiative type

Energy Efficiency in buildings
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

31

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency)

2,500

Investment required (unit currency)

12,900

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

Lighting upgrade from fluorescent light to LED

Initiative category & Initiative type

Low Carbon energy consumption
Low-Carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)

23,767

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency)

0

Investment required (unit currency)

299,870

Payback period

No payback

Estimated lifetime of the initiative

<1years

Comment

RECs purchased for scope 2 market-based emissions for 2023 reporting year

(C7.55.3) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	We use a dedicated budget for energy efficiency to drive investment in emissions reduction activities.

(C7.73) Are you providing product level data for your organization’s goods or services?

No, I am not providing data

(C7.74) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

(C7.74.1) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation: Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify

Power optimization of the design

Type of product(s) or service(s)

Other

Other, please specify

Circuit and digital modeling, measurement, and design; circuit and logic verification; design signoff; package design; PCB design; and multiphysics analysis technologies

Description of product(s) or service(s)

Low power design is a collection of techniques and methodologies aimed at reducing the overall dynamic and static power consumption of an integrated circuit, an IC package, or a printed circuit board, or more energy efficient performance of the end product or system they operate in. With Cadence’s chip to system design, verification, and analysis solutions, our customers have demonstrated gains by applying our AI-driven technologies through all phases of design. Cadence provides a comprehensive solution for low power including architecture optimization, power estimation and analysis, functional verification, implementation and signoff, and IP for digital and mixed-signal designs at both chip and system level

PRE-SILICON SOFTWARE – power management features; power efficient system scenario design

ARCHITECTURE – power management features; power efficient semiconductor implementation; advanced-node technologies, such as via pillars, power integrity-aware placement and optimization, clock skewing for power, continuous congestion monitoring, and optimized routers for handling self-aligned double patterning for better PPA

SIGNOFF – comprehensive low power implementation and signoff; thermal and power integrity; ECO implementation

VERIFICATION – power aware verification methodology; UPF support; dynamic power verification in Palladium with Perspec power scenario stimulus

PACKAGE AND PCB – Design and optimization

SYSTEM ANALYSIS – Thermal on and off chip; thermal data center/digital twin

Low carbon product and services revenue at least 95%.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s): No

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year: 95%

(C7.79) Has your organization cancelled any project-based carbon credits within the reporting year? Yes

(C7.79.1) Provide details of the project-based carbon credits cancelled by your organization in the reporting period.

Project type #1: Mixed Renewables

Type of mitigation activity: Emissions reduction

Project description

In 2023, we supported Climate Impact Partners' Clean Energy Portfolio that finances clean energy projects across the globe that displace electricity powered by fossil fuels. Energy generation is one of the biggest emitters of greenhouse gases, and renewable energy investment is a fast and effective solution to reduce these emissions all while improving energy security. In addition to delivering emissions reductions to take climate action, the projects deliver a number of other benefits:

Affordable and Clean Energy: Contributes to increasing the share of renewable energy in the global energy mix.

Work and Economic Growth: Contributes to the local economy and livelihood of residents through the creation of jobs.

Industry, Innovation, and Infrastructure: Supports the development of sustainable and resilient energy infrastructure, helping reduce shortages of electricity during peak hours of demand.

Credits cancelled by your organization from this project in the reporting year (metric tons CO₂e)

13,836

Purpose of cancellation: Voluntary offsetting

Are you able to report the vintage of the credits at cancellation? Yes

Vintage of credits at cancellation

2014

Were these credits issued to or purchased by your organization? Purchased

Carbon-crediting program by which the credits were issued: CDM

Method(s) the program uses to assess additionality for this project

- Consideration of legal requirements
- Investment analysis

Approach(es) by which the selected program requires this project to address reversal risk

Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed

- Activity-shifting
- Market leakage

Provide details of other issues the selected program requires projects to address

N/A

Please Explain

In 2023, we invested in the Clean Power Portfolio to support clean energy projects across the globe.

C9. Environmental performance - Water security

(9.1) Are there any exclusions from your disclosure of water-related data? No

(9.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

Water aspect	% of sites/facilities operations	Frequency of Measurement*	Method of Measurement*	Please explain
Water withdrawals – total volumes	100%	Monthly	Measurements are conducted by local water utilities or property management companies	Total withdrawals of municipal water are monitored in conjunction with billing either through our utilities at owned sites, or property management companies for our leased facilities.
Water withdrawals – volumes by source	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Our water withdrawals are from municipal sources.
Water withdrawals quality	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Water withdrawal quality is monitored by the municipal utility providers.

Water discharges – total volumes	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Water is primarily discharged and monitored through municipal utility providers. A portion is discharged to groundwater through irrigation.
Water discharges – volumes by destination	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Water is primarily discharged and monitored through municipal utility providers.
Water discharges – volumes by treatment method	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Water is primarily discharged and monitored through municipal utility providers.
Water discharge quality – by standard effluent parameters	100%	Monthly	Measurements conducted by local water utilities or property management companies.	Water is primarily discharged through municipal utility providers.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not relevant	Unknown	N/A	Water is primarily discharged through municipal utility providers.
Water discharge quality – temperature	Not relevant	Unknown	N/A	Water is primarily discharged through municipal utility providers.
Water consumption – total volume	100%	Monthly	Measurement collected by meter	Consumption is tracked at our owned locations, where we have irrigation.

Water recycled/reused	Not monitored	Unknown	N/A	We do not currently monitor water recycling or reuse.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Monthly	100 percent of our facilities provide fully-functioning, safely managed WASH services.	100 percent of our facilities provide fully-functioning, safely managed WASH services.

(9.2.2) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

Water aspect

Total withdrawals

Volume (megaliters/year)

108

Comparison with previous reporting year

Lower

Primary reason for comparison with previous reporting year

Change in accounting methodology

Five-year forecast

Unknown

Primary reason for forecast

Unknown

Please explain

In 2023, we began tracking withdrawals based on actual data instead of estimations at a portion of our leased facilities which caused a lower volume compared to the previous year.

Water aspect

Total discharges

Volume (megaliters/year)

92

Comparison with previous reporting year

Lower

Primary reason for comparison with previous reporting year

Change in accounting methodology

Five-year forecast

Unknown

Primary reason for forecast

Unknown

Please explain

In 2023, we began tracking withdrawals based on actual data instead of estimations at a portion of our leased facilities which caused a lower volume compared to the previous year. As a result, our total discharges were lower than last year's.

Water aspect

Total consumption

Volume (megaliters/year)

16

Comparison with previous reporting year

Lower

Primary reason for comparison with previous reporting year

Change in accounting methodology

Five-year forecast

Unknown

Primary reason for forecast

Unknown

Please explain

Consumption from irrigation was measured at our owned facilities as per our operational control boundary. Due to increased rainfall during the reporting year, we saw a lower volume compared to the previous year. We are currently evaluating options to expand our measurement of water consumption.

(9.2.4) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

Withdrawals are from areas with water stress: Yes

Volume withdrawn from areas with water stress (megaliters): 43.98

Comparison with previous reporting year: Higher

Primary reason for comparison with previous reporting year*: Other please specify: Increased water stress conditions

Five-year forecast*: About the same

Primary Reason for forecast: Investment in water-smart technology/process

% of total withdrawals that are withdrawn from areas with water stress: 41%

Identification tool: WRI Aqueduct

Please explain: Our annual water risk assessment shows that the proportion of our use and consumption of water in high or extremely high water stressed areas increased this year due to changes in the natural environment. Data sets used in the WRI Aqueduct tool include water stress, drought risk, and flooding risk (coastal and fluvial). The scope of this assessment includes company-wide data in the operational control boundary.

(9.2.7) Provide total water withdrawal data by source.

Source	Relevance	Volume (ML/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	NA	NA	NA	Our water withdrawals are from municipal sources therefore fresh surface water, including rainwater, water from wetlands, rivers, and lakes is considered not relevant.
Brackish surface water/Seawater	Not relevant	NA	NA	NA	Our water withdrawals are from municipal sources therefore brackish surface water/Seawater is considered not relevant.
Groundwater – renewable	Not relevant	NA	NA	NA	Our water withdrawals are from municipal sources therefore groundwater-renewable is considered not relevant.
Groundwater – non-renewable	Not relevant	NA	NA	NA	Our water withdrawals are from municipal sources therefore groundwater-non-renewable is considered not relevant.
Produced/Entrained water	Not relevant	NA	NA	NA	Our water withdrawals are from municipal sources therefore produced/entrained water is considered not relevant.

					relevant.
Third party sources	Relevant	108	Lower	Change in accounting methodology	Our water withdrawals are from municipal sources. Reported withdrawals decreased in 2023 because we used actual data for the first time at a portion of our leased properties. This data is sourced from direct measurements

(9.2.8) Provide total water discharge data by destination.

Destination	Relevance	Volume (megaliters /year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	NA	NA	NA	Our water discharges are primarily treated and monitored through municipal sewage facilities.
Brackish surface water/seawater	Not relevant	NA	NA	NA	Our water discharges are primarily treated and monitored through municipal sewage facilities.
Groundwater	Relevant	5	Lower	Change in accounting methodology	25% of irrigation withdrawals are discharged to groundwater.
Third-party destinations	Relevant	87	Lower	Change in accounting methodology	Our water discharges are primarily treated and monitored through municipal sewage facilities. Reported discharges to third parties decreased in 2023 because we used

					actual data for the first time at a portion of our leased properties.
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(9.2.9) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

Highest level of treatment within direct operations	Relevance of treatment level to discharge	Volume (megaliters /year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/ facilities/ operations this volume applies to	Please explain
Tertiary treatment	Not relevant	NA	NA	NA	NA	Tertiary treatment is not relevant since our water discharges are primarily treated and monitored through municipal sewage facilities.
Secondary treatment	Not relevant	NA	NA	NA	NA	Secondary treatment is not relevant since our water discharges are primarily treated and monitored through municipal sewage facilities.
Primary treatment only	Not relevant	NA	NA	NA	NA	Primary treatment is not relevant since our water discharges are primarily treated and monitored through municipal sewage facilities.
Discharge to the	Relevant	5	Lower	Change in accounting	21-30	Discharge to the natural

natural environment without treatment				methodology		environment without treatment consists of the portion of irrigation not consumed by plants, measured at our owned facilities as per our operational control boundary. Since this is freshwater no treatment is necessary. Cadence complies with all applicable environmental laws and regulations.
Discharge to a third party without treatment	Relevant	87	Lower	Change in accounting methodology	100%	Discharge to a third party without treatment consists of water used for WASH services. Since discharge is to municipal sewage system on-site treatment is not necessary. Reported discharges to third parties decreased in 2023 because we used actual data for the first time

						at a portion of our leased properties. Cadence complies with all applicable environmental laws and regulations.
Other	Not relevant	NA	NA	NA	NA	Our water discharges are primarily treated and monitored through municipal sewage facilities.

(9.3) In your direct operations and upstream value chain, what is the number of facilities where you have identified substantive water-related dependencies, impacts, risks, and opportunities?

Direct Operations

Identification of facilities in the value chain stage: No, we have assessed this value chain stage but did not identify any facilities with water-related dependencies, impacts, risks, and opportunities

Total number of facilities identified: 0

% of facilities in direct operations that this represents: Less than 1%

Please explain: While all of the facilities in our direct operations have been assessed for water-related dependencies, impacts, risks, and opportunities, no substantive water-related dependencies, impacts, risks, and opportunities have been identified.

Upstream

Identification of facilities in the value chain stage: No, we have assessed this value chain stage but did not identify any facilities with water-related dependencies, impacts, risks, and opportunities

Total number of facilities identified: 0

Please explain: While some the facilities in our upstream operations have been assessed for water-related dependencies, impacts, risks, and opportunities, no substantive water-related dependencies, impacts, risks, and opportunities have been identified.

(9.4) Could any of your facilities reported in 9.3.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in 9.3.1

(9.5) Provide a figure for your organization’s total water withdrawal efficiency.

	Revenue	Total water withdrawal efficiency	Anticipated forward trend
Row 1	4,090,000,000	37,870,370.37 (auto-calculated in ORS)	Water use may increase over time due to business growth.

(9.12) Provide any available water intensity values for your organization’s products or services.

This question refers to water intensity figures for goods and services produced by your company. You do not have to provide water intensity figures for all your products, but figures for goods or services that you provide to requesting CDP supply chain members should be included here if possible.

(9.13) Do any of your products contain substances classified as hazardous by a regulatory authority?

Do any of your products contain substances classified as hazardous by a regulatory authority?	Comment
No	No, our products do not contain substances classified as hazardous by a regulatory authority.

(9.14) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate business priority	<p>Cadence is a leader in electronic system design, building upon more than 30 years of computational software expertise. We apply our underlying Intelligent System Design™ strategy to deliver computational software, hardware and IP that turn design concepts into reality. Our customers include some of the world’s most innovative companies that deliver extraordinary electronic products from chips to boards to systems for dynamic market applications.</p> <p>As a technology company with significant data storage needs, we realize that the increase in energy demand comes with pressure from government regulators, consumers, and business owners on the industry to</p>

			create and run sustainable initiatives, especially regarding the impact of data centers water use. Although water is not a primary element to our products, we recognize that water is a vital resource.
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(9.15) Do you have any water-related targets? No, but we plan to within the next two years

(9.15.3) Why do you not have water-related target(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	We are planning to introduce a target within the next two years	Water targets are not currently an immediate business priority. However, we do plan to set a Water, Sanitation, and Hygiene (WASH) services target in the next two years.

C11. Biodiversity – Not Scored

(C11.2) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

Actions taken in the reporting period to progress your biodiversity-related commitments	Type of action taken to progress biodiversity-related commitments
<ul style="list-style-type: none"> Yes, we are taking actions to progress our biodiversity-related commitments 	<ul style="list-style-type: none"> Land/water protection Land/water management Species management Education & awareness

(C11.3) Does your organization use biodiversity indicators to monitor performance across its activities?

No

(C11.4) Does your organization have activities located in or near to areas important for biodiversity in the reporting year?

Type of area important for biodiversity	Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity	Comment
<ul style="list-style-type: none"> Legally protected areas 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important

		for biodiversity.
<ul style="list-style-type: none"> UNESCO World Heritage sites 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important for biodiversity.
<ul style="list-style-type: none"> UNESCO Man and the Biosphere Reserves 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important for biodiversity.
<ul style="list-style-type: none"> Ramsar sites 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important for biodiversity.
<ul style="list-style-type: none"> Key Biodiversity Areas 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important for biodiversity.
<ul style="list-style-type: none"> Other areas important for biodiversity 	<ul style="list-style-type: none"> Not assessed 	We have not assessed whether any of our activities are located in or near to this type of area important for biodiversity.

C13. Sign off

(C13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

Other environmental information included in your CDP response is verified and/or assured by a third party

Yes

(C13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Environmental issue for which data has been verified and/or assured: Climate Change

Disclosure module and data verified and/or assured: Base year emissions

Verification/assurance standard: ISO 14064-3

Further details of the third-party verification/assurance process: In conjunction with our annual GHG emissions

assurance process, we also received verification for our base year emissions. Our decision to seek validation from the SBTi required an update to our Scope 3 emissions calculations. We took this opportunity to refresh historical Scope 3 emissions, including the 2019 baseline, to incorporate the new Scope 3 categories included in our targets as well as improvements in emission factors and calculation methodologies.

(C13.3) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Sr VP & General Counsel	Other C-Suite Officer

(C13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website. No