



## Carbon Market Disclosure (California AB 1305) Statement<sup>i</sup> 2024

Cadence Design Systems, Inc. (“Cadence”) is committed to combating climate change and taking steps to reduce the environmental impact of our facilities and business operations. Climate change is one of the most significant Environmental Sustainability challenges of our time, and we are committed to our target to reach Net-Zero by 2040. Early on we aligned our carbon reduction targets with the goal of limiting global warming to the Paris Agreement’s 1.5°C pathway, and we are on track to halve greenhouse gas (GHG) emissions by 2030. Our strategy to reach Net-Zero includes neutralizing remaining remissions with high quality carbon removals.

Therefore, Cadence is providing the following disclosures regarding the statements we have made with respect to carbon neutrality, net zero targets and greenhouse gas (GHG) emissions reduction initiatives that fall within the requirements of [California Assembly Bill 1305](#). In accordance with the bill, Cadence will update this statement annually.

### **Section 44475:**

This section is not applicable to Cadence. Cadence does not market nor sell voluntary carbon offsets within the state or elsewhere.

### **Section 44475.1:**

Cadence does not purchase carbon offsets to claim progress toward our emissions reduction targets. (See Section 44475.2(a) for information about our emissions reduction targets.)

Cadence purchases voluntary carbon offsets to obtain CarbonNeutral<sup>®</sup> company certification across our global operations, including our Palladium Cloud offering, which is licensed from an affiliated third party named Climate Impact Partners. Climate Impact Partners along with third-party verifier, Apex Companies, LLC, reviewed Cadence carbon offset and Energy Attribute Certificate (EAC) purchases against the [CarbonNeutral Protocol](#). This protocol defines the emissions for which EACs and carbon offsets can be purchased to compensate for certain scopes and categories of emissions.

To achieve CarbonNeutral<sup>®</sup> certification from Climate Impact Partners, Cadence calculates a GHG emissions inventory in line with the [Greenhouse Gas Protocol](#), that is then verified by Apex Companies, LLC, and submitted to Climate Impact Partners to be further verified against the CarbonNeutral Protocol, in accordance with Section 44475.1(f). The below tables, in accordance with Sections 44475.1(a)-(e), outline the carbon offsets that were purchased for Cadence’s CarbonNeutral<sup>®</sup> certifications.

*CarbonNeutral® Certification for fiscal year 2023.*

<b>Name of Seller (44475.1a)</b>	<b>Project ID (44475.1b)</b>	<b>Project Name (44475.1c)</b>	<b>Project Type (44475.1d)</b>	<b>Protocol Used (44475.1e)</b>
Climate Impact Partners	CPA 9416-P1-0008-CP1	Dangri Wind Power Project, Rajasthan	Avoidance; India	ACM0002 ver. 20 Grid-connected electricity generation from renewable sources
Climate Impact Partners	PoA 9416	Promotion of renewable energy generation in India- Programme of Activities	Avoidance; India	ACM2

*Prior to fiscal year 2023, the following table of carbon offsets were purchased for CarbonNeutral® Certification fiscal year 2022 and fiscal year 2021.*

<b>Name of Seller (44475.1a)</b>	<b>Project ID (44475.1b)</b>	<b>Project Name (44475.1c)</b>	<b>Project Type (44475.1d)</b>	<b>Protocol Used (44475.1e)</b>
Climate Impact Partners	PoA GS4289	Orb Energy Solar Program in India (PoA)	Avoidance; India	AMS-I.C
Climate Impact Partners	GS 4289	Orb Rooftop Solar Program in India	Avoidance; India	AMS-I.C
Bonneville Environmental Foundation	ACR576	Rainier Gateway Improved Forest Management	Avoidance; Washington USA	ACR 7.0, ACR IFM V1.3
Bonneville Environmental Foundation	ACR398	Doe Mountain Forest Management	Avoidance; Tennessee USA	ACR V5.1, ACR IFM V1.3
Bonneville Environmental Foundation	ACR298	McCloud Improved Forest Management	Avoidance; California USA	Compliance Offset Protocol U.S. Forest Projects
Bonneville Environmental Foundation	ACR212	Blandin Forestry	Avoidance; Minnesota USA	ACR V4.0
Bonneville Environmental Foundation	ACR592	Doyon Forestry Project	Avoidance; Alaska USA	ACR V8.0, ACR IFM V1.3

**Section 44475.2(a):****Net Zero**

Cadence has aligned our carbon reduction targets with the goal of limiting global warming to 1.5°C above preindustrial levels. In 2023, we submitted our near-term and net-zero GHG reduction targets to the [Science Based Targets initiative \(SBTi\)](#) for validation. These reduction targets were [validated by the SBTi](#) in July 2024 and cover our own operations as well as our full value chain—Scope 1, 2, and 3 Upstream and Downstream.

The specific wording of Cadence’s current near-term target is as follows:

Cadence commits to reduce absolute scope 1 and 2 GHG emissions 89.78% by 2030 from a 2019 base year. Cadence also commits to reduce absolute scope 3 GHG emissions 46.2% within the same timeframe.

The specific wording of Cadence’s long term and net-zero target is as follows:

Cadence commits to reach net-zero greenhouse gas emissions across the value chain by 2040. Cadence commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2040 from a 2019 base year. Cadence also commits to reduce absolute scope 3 GHG emissions 90% within the same timeframe.

The above targets were assessed and validated by the SBTi with compliance of the [SBTi’s Corporate Net-Zero Standard](#). Cadence commits to publicly report the progress against any published targets annually along with company-wide GHG emissions inventory as per criterion 25 of the SBTi Criteria and Recommendations (version 5.1). Cadence disclosed our limited assurance third-party verification, across our full emissions inventory, within our [annual ESG Report](#), annual [CDP Corporate Questionnaire response](#) and published our [verification statement](#) on our CSR webpage. Cadence commits to review our targets against the latest SBTi criteria and guidance within five years, and if necessary, recalculate and revalidate for continued recognition by the SBTi.

**Carbon Neutral**

Cadence has received CarbonNeutral® company certification across our global operations including our Palladium Cloud offering. For specific information around the name, ID and type of carbon offsets and EACs that were purchased to achieve this, see Section 44475.1a-f. Climate Impact Partners along with third-party verifiers, Apex Companies, LLC, reviewed Cadence carbon offset and Energy Attribute Certificate (EAC) purchases against the [CarbonNeutral Protocol](#).

**Section 44475.2(b):**

Cadence has received independent third-party validations regarding the statements listed above.

Validations include:

- SBTi Near-term Target Certificate
- SBTi Net-Zero Target Certificate
- CarbonNeutral® company Certificate

Additionally, Cadence has obtained [limited assurance third-party verification](#) for its scope 1, 2 and 3 emissions for the fiscal year 2023 from Apex Companies, LLC.

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<sup>i</sup> This information is provided solely for the purpose of complying with California AB 1305 and is not intended, nor can it be relied on, to create legal relations, rights, or obligations. By posting this information, none of Cadence Design Systems, Inc., its subsidiaries and affiliates are conceding that any specific item is required to be disclosed nor waiving any arguments about the interpretation of AB 1305, nor should any of this

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information be deemed to be material under US securities law or other laws, regulations or other requirements. This information, including the reports and other documents referred to in this disclosure, may contain forward-looking statements with regard to the expectations, forecasts, targets and plans of Cadence. These forward-looking statements are based on information currently available to Cadence and are stated in this disclosure on the basis of the outlook at the time that the reports referred to in this disclosure were produced. These forward-looking statements contain certain assumptions that are subjective and may prove to be incorrect. Should any underlying assumption prove to be incorrect, actual results in the future may vary materially from some of the forward-looking statements in this disclosure. Cadence has no obligation to update any forward-looking statements contained in this disclosure or the documents referred to in this disclosure, except to the extent required by law. This information is subject to change without notice.