



UK Modern Slavery Act Statement

(For fiscal year ended January 1, 2022, approved by the Cadence Board of Directors on May 5, 2022)

1. Organization's structure, business and supply chains

Cadence is a leader in electronic design, building upon more than 30 years of computational software expertise. The company applies its underlying Intelligent System Design strategy to deliver software, hardware and IP that in turn design concepts into reality.

Our Headquarters is in San Jose, California, and we operate office locations in 23+ countries throughout the Americas, Asia and Europe. Our workforce is composed primarily of office workers and 99% of our workforce are full-time employees.

Our supply chain is composed of a mix of professional services, goods, and contract manufacturing of computer hardware. For contract manufacturing we work with a limited number of trusted partners with which we maintain close, long-term relationships.

2. Policies

Cadence believes that no individual should be subjected to any form of forced labor, slavery or human trafficking, and Cadence will take necessary steps to prevent forced labor, slavery or human trafficking from existing within its organization and to reduce the possibility of forced labor, slavery or human trafficking taking place in its supply chains.

Integrity is the foundation of our High-Performance Inclusive Culture. It is important to Cadence that we operate ethically and transparently, avoiding conflicts of interest, competing fairly and legally, and complying with the rules and regulations of the regions where we do business.

Cadence Worldwide Code of Business Conduct

Our [Code of Business Conduct](#) provides standards for ethical conduct in how we work with each other at Cadence and with our customers, suppliers, government officials and other stakeholders. Our Code of Business Conduct also reflects our values of integrity, innovation, agility, and quality, and it applies worldwide to our Board, officers, employees and certain contractors and consultants.

Compliance with our Code of Business Conduct is the responsibility of all employees and a condition of continued employment. Our employees are required to annually certify that they have reviewed and understand the Code of Business Conduct. Our employees are required to promptly report possible misconduct, including illegal activities, unethical business practices, violation of the Code of Business Conduct or our other policies. Our employees can also report possible misconduct or raise their concerns to their supervisor, Human Resources partner, office of the Chief Legal Officer, or anonymously via our whistleblower hotline.

Cadence Supplier Code of Business Conduct

We extended our rigorous governance standards across our value chain with our [Supplier Code of Business Conduct](#), which we shared with all new suppliers in 2021. Our Supplier Code of Business Conduct aligns with the Responsible Business Alliance (RBA) code of conduct and covers labor standards including freely chosen employment, young workers, working hours, wages and benefits, humane treatment, non-discrimination and freedom of association. We expect all suppliers to comply with our Supplier Code of Business Conduct. No individual should be subjected to any form of forced labor, slavery or human trafficking. To reduce the possibility of these violations occurring in our supply chain, we require supplier partners to be bound by obligations to comply with all applicable laws. The 2015 UK Modern Slavery Act informs our management of these issues.

Cadence is an Affiliate Member of the RBA and supports the RBA's vision of a global electronics industry that creates sustainable value for workers, the environment, and businesses. In the spirit of the industry's common code of conduct goals, we commit to progressively align our operations with the provisions of the RBA Code of Conduct, and to support and encourage our suppliers to do the same.

3. Risk assessment

Through risk assessments we have determined that our own operations and workforce are at low risk of modern slavery. Software development, our primary sector, is a low-risk sector for modern slavery, because of the technical/professional nature of our workforce. Further, 99% of our workforce is employed on a full-time basis. Cadence does not have any seasonal or migrant workers.

We have taken steps to reduce the risk of modern slavery in the supply chain generally, and for our higher potential risk areas including manufacturing and contingent workforce (1% of total workforce), as described in the next section.

4. Due diligence

Responsible Supply Chain Management

To prevent forced labor, slavery or human trafficking in its organization and reduce the possibility of forced labor, slavery or human trafficking in its supply chains, Cadence requires new suppliers and partners to be bound by obligations to comply with all applicable laws.

During onboarding, suppliers are screened for a number of risk factors using a third-party risk assessment software, including activity in high-risk countries and human trafficking offenses. Active suppliers are continually screened using this software. Cadence's vendor management is notified if any vendor is flagged with a new risk factor.

Cadence evaluates processes to determine whether it would be appropriate to adopt further policies or procedures (such as when entering into new contracts or undertaking due diligence to ensure that third parties have relevant policies and procedures in place that would prevent slavery and human trafficking) or join related third-party organizations.

Contract manufacturing partners

We maintain close relationships with our contract manufacturing partners that include formal and informal inspections, production oversight, quarterly business reviews, safety training, and on-site quality process audits.

In terms of second-tier supplier management, Cadence's R&D team pre-selects sub-tier suppliers for component parts that meet our high-quality standards and are aligned with our Conflict Minerals Reporting Template (CMRT). Because all components are labeled with a country of origin, components manufactured in high-risk countries can be easily identified for further investigation if needed.

Cadence is also committed to responsible sourcing of materials and seeks to avoid the use of conflict minerals (tin, tungsten, tantalum, and gold) sourced from the Democratic Republic of the Congo and adjoining countries that may directly or indirectly finance or benefit armed groups that engage in human rights abuses. We are members of the Responsible Minerals Initiative (RMI) and support industry efforts - such as the Conflict Free Sourcing Initiative to enable conflict-free mineral sourcing and we expect the same from our suppliers.

Suppliers with Higher Potential Risk

The Cadence vendor management team periodically reviews key suppliers' membership status with RBA, as well as their self-reported due diligence processes to avoid forced labor. Identified issues may be raised in quarterly review meetings with key suppliers. As of the latest review, our suppliers with higher potential risk have been members of RBA.

Contingent workforce

As part of our due diligence efforts to adhere to local employment laws and to reduce the risk of modern slavery in our contingent workforce, we review temporary staff and contractors for risk including through reputable third-party agencies. At our owned locations we maintain long-term relationships with reputable service providers for onsite services like security, cafeteria, janitorial, and real estate management staff.

5. Training

In support of our company values, and the commitments we have made to our stakeholders, each year, all of our employees, including management, are required to complete mandatory training on various critical topics.

6. Goals and KPIs

We track the percentage of employees that have completed training around the UK Modern Slavery Act. In 2021, 100% of managers and employees in human resources and procurement were trained on the UK Modern Slavery Act as part of the annual training.



Lip-Bu Tan

Executive Chair of the Board of Directors of Cadence Design Systems, Inc.