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2023 Environmental, Social, and Governance Report
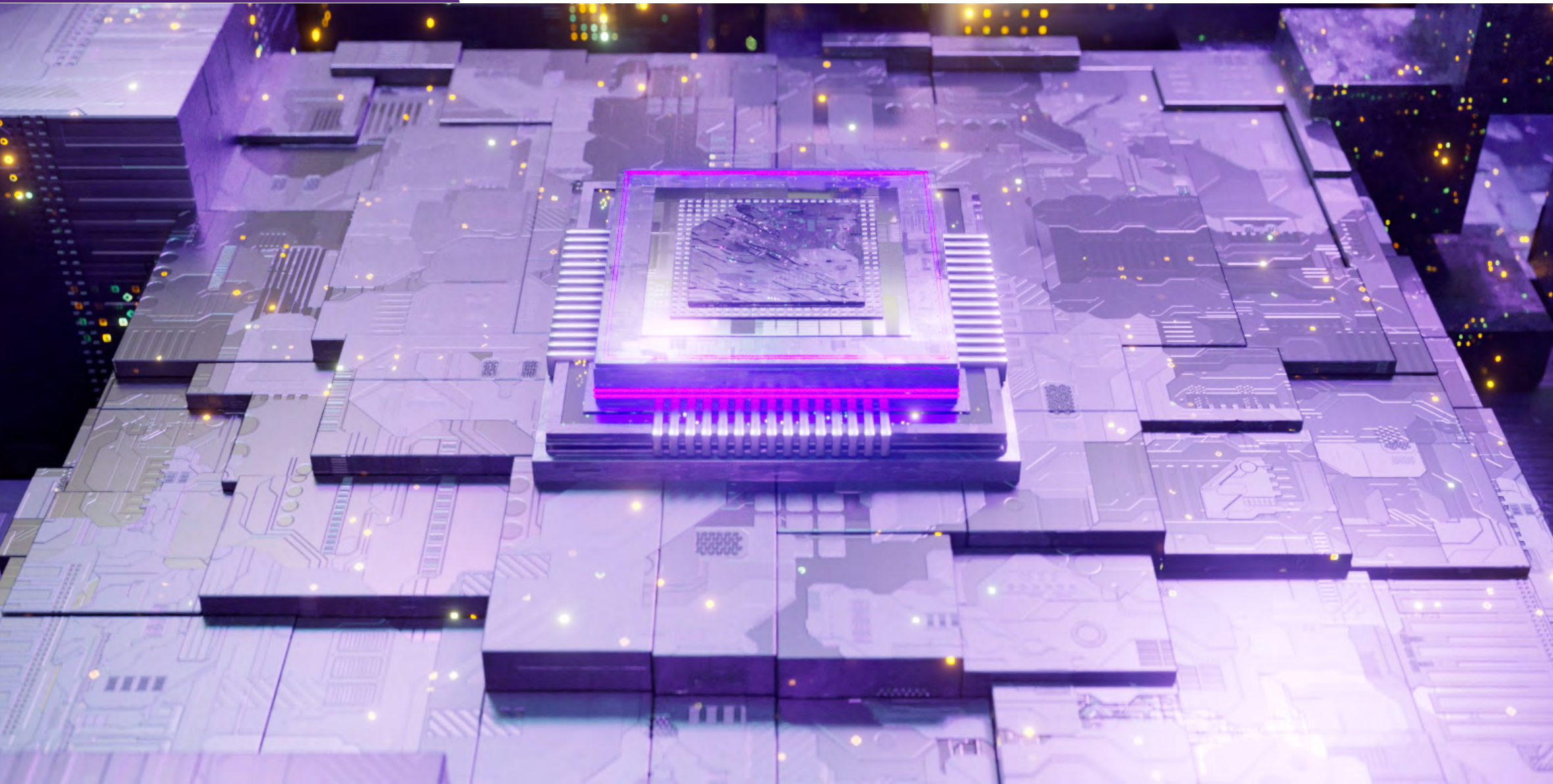
About This Report

Synopsys empowers technology innovators with the industry's most comprehensive and trusted silicon to systems design solutions, helping transform the way we live and work. At the same time, we take responsibility for making our operations, products, and ecosystem more sustainable, driving strategies for efficiency and resiliency that benefit our business, stakeholders, communities, and the world.

This Synopsys 2023 Environmental, Social, and Governance Report covers our ESG performance for our fiscal year 2023, which began November 1, 2022, and ended October 31, 2023. The exception includes our social impact data (calendar year 2023) and other instances as noted. We considered the recommended disclosures in the Software & Information Technology (IT) Services Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB) when determining the content of this report. Our reporting is intended to align with the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UN SDGs), and has been prepared with reference to the 2021 Global Reporting Initiative (GRI) Standards. Synopsys also reports separately to CDP as a part of our disclosure efforts.

Synopsys employees around the world submitted photographs for potential inclusion in this year's report. Photos included in the report are credited to the corresponding Synopsys employee. Thank you to our multitalented employees for submitting these fantastic photos.

Distributing This Report

We promote our report through:

▶ Prominent disclosure on our website
▶ Targeted employee communications
▶ Outreach to current and potential stockholders
▶ Outreach to other stakeholders with whom we have built relationships
▶ Our social channels

We welcome feedback on this report and our performance. Please send comments and suggestions to esg@synopsys.com

Photo Credit: Gayane Markosyan, Synopsys Employee, Armenia

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Photo Credit: Tharindu Lakkhana, Synopsys Employee, Sri Lanka

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CEO Letter

Taking the helm as CEO in January 2024 after more than two decades at Synopsys has been a profound honor. Synopsys has long been a catalyst for semiconductor innovation, developing the mission critical engineering software and solutions our customers need to design their products. I can't begin to express my gratitude for the faith shown in me to steer this remarkable company into the future.

Working alongside Executive Chair and Founder Aart de Geus for all these years has been transformative. His tireless dedication to Synopsys and vision for a better world have left an indelible impression on me. Since its founding in 1986, Synopsys has been a company that cares deeply about its people, the environment, and the communities in which we operate. I am particularly proud of the diverse backgrounds and viewpoints that our more than 20,000 employees across 30-plus countries bring to the company.

These are exciting times as semiconductors revolutionize industries, changing how we work, communicate, and live. The semiconductor industry is expected to double in market value to one trillion dollars or more by the end of the decade, driven by the rise of artificial intelligence (AI), silicon proliferation, and software-defined systems. These trends fuel a new era of pervasive intelligence, where technology is seamlessly integrated into our lives. With it comes mounting complexity and cost, and greater compute, energy, and design challenges for the technology industry.

Synopsys is uniquely positioned to address these challenges for our customers, which increasingly include new-to-silicon systems companies like hyperscalers and automotive companies. With more than 90% of advanced chip development using Synopsys design automation and IP solutions, our products maximize the research and development (R&D) capability and productivity of companies designing silicon chips and systems across a wide range of industries – from mobile to data centers, to automotive and more.

At Synopsys, our mission is to empower technology innovators everywhere with the industry's most comprehensive and trusted silicon to systems solutions that make pervasive intelligence possible. The potential —and the need— is enormous. Pervasive intelligence can unlock solutions to societal challenges like improving healthcare outcomes, tackling climate change, and reducing vehicle accidents.

We know that with great potential comes great responsibility. In an age where AI increasingly permeates every facet of our lives, the pace of innovation and change risks outstripping certain segments of society being able to adapt. Governments and civil society are grappling to keep pace, leaving a void for industry leaders like Synopsys to fill. It's not just about progress; it's about ensuring that progress is guided by principles of ethics and sustainability.
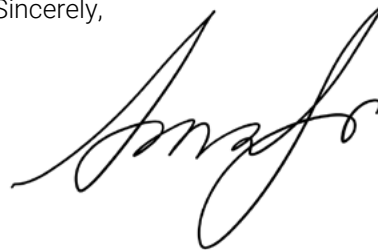
That is why I am incredibly proud of our commitment to positive change, as outlined in our Smart Future strategy and in this report. Our strategy is clear and simple: optimize our own operational impact on the world and positively influence others to do the same. In 2023 we made important progress toward reaching our ESG goals, including:

- Validation of our greenhouse gas (GHG) emissions reduction targets by the Science Based Targets initiative (SBTi). Synopsys committed to four near-term, science-based targets aligned with limiting global warming to 1.5ºC above preindustrial levels. We will report annually on our progress.

- Recognition by CDP for our performance on climate action, with an A- leadership score for demonstrating best practices in strategy, governance, and oversight of climate issues.

- Strengthened our workplace culture of innovation and inclusion that offers robust opportunities for engagement, learning, and growth, as affirmed by 89% of employees recommending Synopsys as a great place to work. Synopsys also ranked 13th on Comparably's annual Best Global Company Culture list.

Our work is far from done. In 2024, our ESG ambitions must build on our progress. We remain steadfast in enabling our customers to innovate for a greener, more sustainable world, and we continue to act in alignment with climate science to reduce our carbon footprint. Empowerment of our global talent remains a top priority as we continue to foster a culture of innovation, inclusion, and integrity.

As we continue this journey together to create a smarter future, we remember our why—the reason we do what we do. Synopsys exists to power innovation today that ignites the ingenuity of tomorrow. We will continue to innovate, to push boundaries, and to lead with purpose and integrity. Together with our customers and partners, we have the power to create a brighter future for generations to come.

Sincerely,

Sassine Ghazi,
President and Chief Executive Officer

Photo Credit: Mike Achtelik, Synopsys Employee, Germany

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About Synopsys

A new era of pervasive intelligence is upon us, driven by three major technology trends: artificial intelligence, silicon proliferation, and software-defined systems. Synopsys has laid the foundations for these trends through our silicon to systems design solutions, becoming a trusted partner of technology innovators worldwide. We partner closely with semiconductor and systems customers across a wide range of vertical markets to maximize their R&D capability and productivity, powering innovation today that ignites the ingenuity of tomorrow. Building on our leading technologies, companies around the world are delivering innovations with wide-reaching benefits.

Photo Credit: Nancy Wall, Synopsys Employee, United States

Living Our Values, Leading with Vision

For more than 35 years, Synopsys' culture has grown from the foundation of our core values— integrity, execution excellence, leadership, and passion—to our innovation mindset, which spurs us to continually reach higher. We catalyze the impossible by giving innovators the tools to overcome their challenges and deliver their solutions. We deliver to our customers an end-to-end solution for energy-efficient system-on-chips (SoCs) across design, verification, and IP products, as well as yield-management software that helps integrated circuit (IC) manufacturers achieve and maintain high semiconductor yields, and helps reduce environmental impact of the manufacturing process.

Click here for an in-depth look at Synopsys' brand vision and portfolio of products and services.

Photo Credit: Bella Park, Synopsys Employee, South Korea

2023 by the Numbers

122 global offices

20,300 employees globally

80% of employees are engineers

3,339 active patents

$5.32B annual revenue[1]

33% of revenue devoted to R&D

Photo Credit: Kiran Maddhula, Synopsys Employee, India

Synopsys is the leading silicon to systems design solutions company,
delivering solutions and services that enable the era of pervasive intelligence

▶ **AI that accelerates everything**

Industry leading AI-driven electronic design automation (EDA) workflow optimization and data analytics solutions along with breakthrough generative AI capabilities boost engineering productivity and accelerate innovation across all stages of chip development.

▶ **Solutions to enable silicon proliferation**

As the world becomes more connected, we offer world-leading EDA and IP solutions for designing and verifying advanced silicon chips.

▶ **Software-defined systems that drive differentiation**

Hardware assisted verification and virtual prototyping solutions enable a holistic approach to complex systems design and validation that starts with system needs and then builds the software and silicon to meet them.
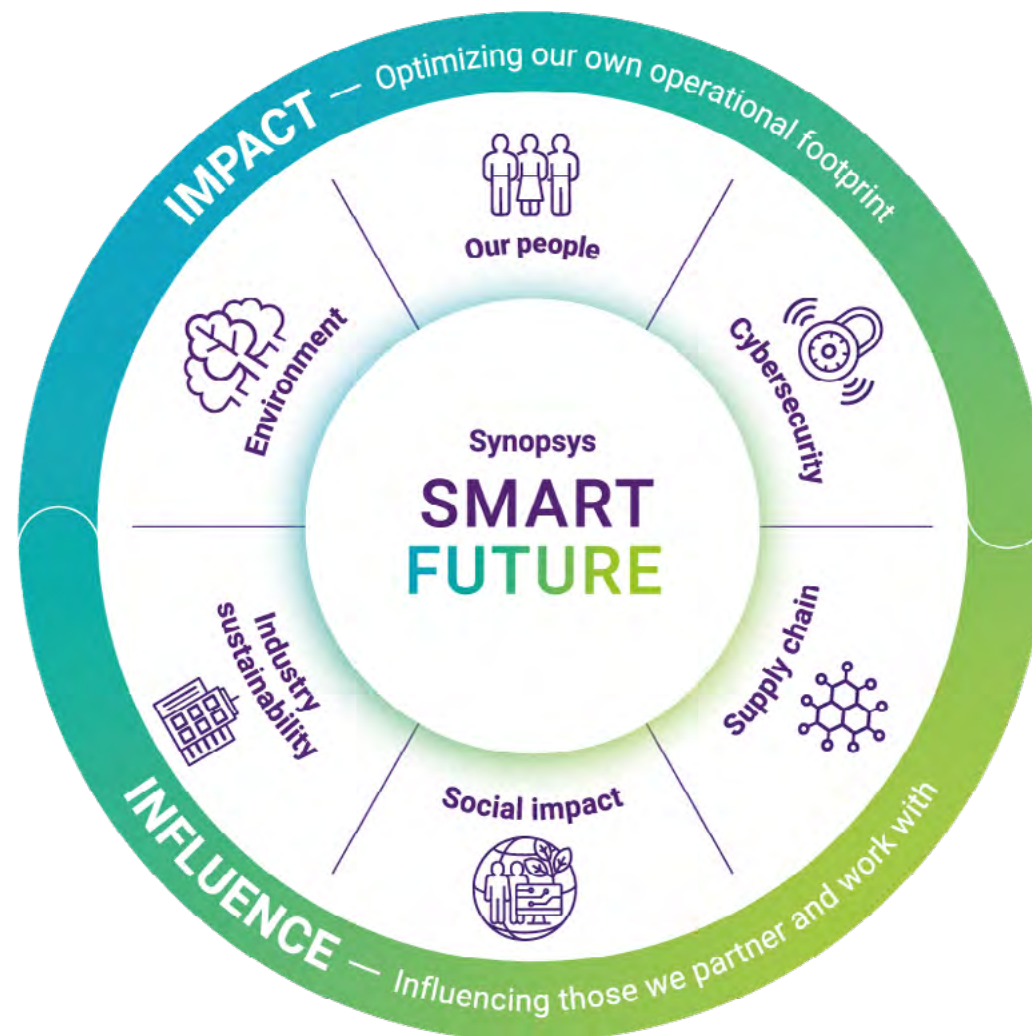
[1]In May 2024, Synopsys entered into an agreement to sell its Software Integrity business. This business has been presented as a discontinued operation in Synopsys' consolidated financial statements beginning in the second quarter of fiscal year 2024, and fiscal year 2023 revenue presented herein is on a continuing operations basis only.

Our SMART FUTURE ESG Strategy

Synopsys is at the forefront of a revolution. Our design automation tools and intellectual property (IP) are the backbone of billions of smart and connected devices that are ushering in a new era of pervasive intelligence. This exciting new world comes with immense opportunities, but also significant responsibilities.

Our Smart Future strategy provides a focus and structure for how we manage our own operational impact and influence others around us to create a better world. We're not only reducing our own environmental footprint, but also leveraging our expertise, resources, and problem-solving skills to inspire positive change throughout our ecosystem— working with our communities, customers, partners, and suppliers to create a more sustainable future. Our technology is enabling innovations that shape a smarter world, from low-power computing to enhancing human health and well-being, to bringing safety and security to autonomous vehicles.

Our approach prioritizes both the needs of our business and those of its stakeholders, which include our stockholders, customers, employees, partners, and local communities. This contributes to Synopsys' success while simultaneously driving meaningful progress on environmental and social issues. The positive impact extends beyond our company, reaching into the communities where we operate and fostering strong, lasting partnerships.

Product Portfolio and Innovation

In today's era of pervasive intelligence, innovation is ignited by chip and software advances driven by a fusion of AI, analytics, and massive compute resources. To enable that ecosystem, the semiconductor industry is combining the traditional Moore's law focus on dimensional scale with a new focus on systemic optimization—using AI and machine learning to drive performance by optimizing chip architecture and construction at the silicon level. At the same time, designers are leveraging software to improve energy efficiency and address security vulnerabilities at each stage of chip design.

As the world's leading silicon to systems design solutions company, we've become a trusted partner for technology innovators everywhere, offering comprehensive and trusted solutions for chip design, verification, and IP integration that empower our customers to drive advancements across industries. We are constantly investing in the future: securing the world's best talent, devoting 33% of annual revenue to research and development, and collaborating with academic research partners to bring new technologies to light. From AI, multi-die designs, and electronics digital twin technologies to energy-efficient SoCs and beyond, we're pioneering technologies with the potential to drive positive impact in our world.

Photo Credit: Ramya B K , Synopsys Employee, India

Synopsys is an innovator in technologies shaping our world

Software that's powering the digital transformation

Virtually all companies differentiate via software

Analytics that are uncovering new insights

Analytics point the way, including toward building and maintaining products more effectively

Chips that are differentiating the experience

Advanced chips' massive processing power is bringing new software inventions to life

AI that's accelerating everything

AI enables faster and more efficient chip designs

2023 Product Innovation Highlights

In 2023, we followed our innovation imperative in all of our key product introductions and in our continued commitments to assuring trust and security. We remain deeply committed to helping our customers design more sustainable products, minimizing power consumption while meeting their growth needs.

Safe and Responsible AI-Assisted Design

Underpinning our investments, research, and collaborations is a persistent focus on building AI systems that are safe and trustworthy. Our intention is to promote the responsible deployment of AI technologies in the creation of new silicon-based applications.

For additional product information, see the Our Influence Through Innovation section of this report and our website.

▶ **Exponential Productivity and Efficiency Gains**
Synopsys.ai™ Copilot is the result of a strategic collaboration with Microsoft Azure OpenAI Service that brings the power of GenAI to help engineering teams accelerate time to market and address systemic complexity through the power of conversational intelligence.

▶ **Accelerating Systems Innovation**
Synopsys' expanding portfolio of hardware-assisted verification including the newest ZeBu Server 5 system and virtual prototyping solutions provide systems companies with the performance and capacity required to verify and validate highly efficient, customized silicon.

▶ **Enabling Innovative Chip Design**
Our broad portfolio of semiconductor IP provides the building blocks for chips with specific design requirements, from secure chiplets in energy-efficient multi-die designs to safety-certified devices in automotive and industrial applications.
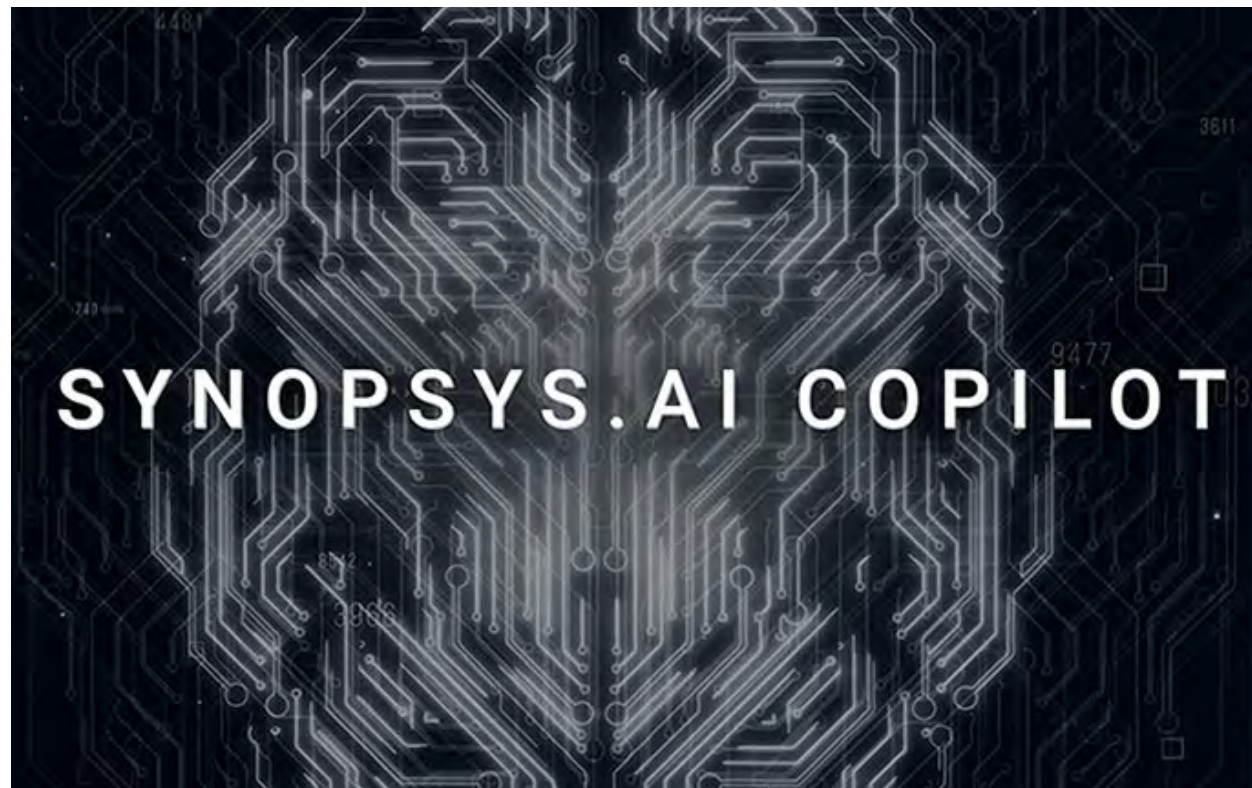
ESG at Synopsys

Synopsys recognizes that as we drive innovation and business success in the era of pervasive intelligence, we are simultaneously responsible for the sustainability of our operations, products, and ecosystem. We maintain a robust governance structure for our ESG efforts, gauging and acting on our highest priority ESG impacts, business risks, and opportunities to create positive impact for our stockholders, customers, employees, partners, and local communities.

Photo Credit: Sona Chachan, Synopsys Employee, India

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How We Manage ESG

Our Smart Future strategy is overseen by our ESG Management Team, with support from the ESG Leadership Committee. The ESG Leadership Committee includes executives from across our business who are tasked with driving Synopsys' ESG performance. The committee ensures implementation of our environmental, social, and governance priorities in their respective areas of responsibility.

Except to the extent delegated to other committees, the Synopsys Board's Corporate Governance and Nominating (CGN) Committee reviews, assesses, and recommends to the Board as necessary ESG policies and practices, priority and risk assessments, risk management measures, and public disclosures, as well as related initiatives, goals, and progress toward goals. The ESG Management Team provides updates to the CGN Committee as well as the full Board of Directors. These updates inform and educate the Board on topics such as Synopsys' GHG emissions reduction strategy and targets and ESG-focused regulatory requirements and proposals worldwide. We work continually to build greater connection between stakeholders across the business and integrate ESG more strategically into our corporate programs and processes.

ESG Governance Structure

Board of Directors

▼

Corporate Governance and Nominating Committee

▼

ESG Management Team

▼

ESG Leadership Committee

Information Technology	Global Marketing and Communications	Hardware Operations
People	Investor Relations	Legal
Finance	Places	Product Marketing

Safety and Resiliency	Social Impact

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Materiality Assessment and Priority Topic Areas

Synopsys conducted our first materiality assessment in 2018 to:

▶ **Identify key ESG impacts** throughout our value chain

▶ **Evaluate the significance of individual ESG impacts** on our company, stakeholders, and planet

▶ **Prioritize key impacts** to inform mitigation strategies and reporting

Through this process, we identified six priority areas to provide a framework for operationalizing our response: human capital management, innovation, cybersecurity and data privacy, corporate governance and ethics, climate change and GHG emissions, and supply chain management. For a full list of priorities, see GRI 3-2: List of material topics. We review our priorities annually, and made our last adjustments in 2021.

In fall 2023, we began an exercise to refresh our materiality assessment using a double-materiality lens, gauging two types of sustainability-related impacts: our business activities' impacts on people and/or the environment and the financial impacts of sustainability-related risks and opportunities on our business performance. We will provide an update on this process in our 2024 ESG Report.

Engaging Key Stakeholders

Synopsys engages with our key stakeholders on an ongoing basis to gather their perspectives on our ESG strategy, policies, and programs, and help guide our Smart Future priorities and practices.

Stockholders
We proactively communicate with stockholders to provide regular updates on our programs and progress, understand their ESG interests and expectations, and respond to their questions.

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Employees
We empower our employees to innovate, collaborate, and explore ways to continuously learn and grow, including leading initiatives aimed at advancing our ESG strategy. We support this journey with an inclusive workplace where everyone can speak up and be heard, no matter where they sit in the organization.

Suppliers
We drive responsible business practices by expecting all our suppliers to operate in a manner consistent with our Code of Ethics and Business Conduct, and for direct suppliers to follow our Supplier Code of Conduct.

Industry Partners
Our collaborations and industry partnerships help drive sustainability solutions across our value chain.

Customers
We partner with our customers to advance shared ESG priorities and best practices in creating silicon to systems design solutions.

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2023 ESG Highlights

Photo Credit: Lianna Balayan, Synopsys Employee, Armenia

25.4%
of our global workforce is women

1.5°C
GHG emissions targets validated by SBTi

5.8%
of our U.S. workforce identifies as Black, Hispanic and Latinx, or Indigenous

A-
CDP Climate Change score received

94%
of our employees participated in annual engagement survey

43
office locations in 20 countries participated in Season of Service

86%
of managers completed Inclusive Leader training

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ESG Ambitions

Photo Credit: Mary Ann White, Synopsys Employee, United States

Enable customers to innovate for a greener world

Empower global talent by fostering a culture of innovation, inclusion, and respect

Build a resilient and responsible supply chain

Reduce our GHG emissions in line with our SBTi validated targets

Ensure security across our enterprise and help our customers design trusted silicon

Generate positive impact in the communities where we work

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Environment

Synopsys recognizes the need for transformative action to protect our environment and is working to drive positive change both within our operations and through influence with our customers, industry, and suppliers. Through our technologies, we're empowering our customers to develop more innovative and energy-efficient chips. In our industry and supply chain, we're working to promote greener practices. Also, through a continual focus on efficiency and optimization, we're reducing our operational impacts—doing our part for people, communities, and the planet while supporting business success.

Photo Credit: Annaraja Lakshmanan, Synopsys Employee, India

Environmental Strategy and Management Approach

Our ESG Management Team propels Synopsys' environmental strategy and guides its execution, with input and direction from the C-Suite-led Climate Action Steering Committee and cross-functional ESG Leadership Committee, and in alignment with the expectations of our key stakeholders. The team reviews performance against Synopsys' goals and adjusts our approach as needed.

Across Synopsys' operations, we focus on continuously improving data management, enhancing our energy use reporting, and taking specific decarbonization actions to meet our emissions reduction targets.

In 2023, Synopsys received SBTi validation of our GHG emissions reduction targets.

Examples of how we are mitigating the climate impacts of our operations and supply chain:

▶ Prioritize environmental performance certifications in all new building construction

▶ Incorporate sustainability features into the operation of our facilities

▶ Pursue renewable energy sourcing opportunities for our offices and data centers

▶ Prioritize data center vendors that can support clean and renewable energy

▶ Work to mitigate global electronic waste (e-waste)

▶ Drive emissions reductions in science-based target areas such as use of sold products, employee commuting, and business travel

▶ Leverage our contracting and procurement processes to seek vendors that demonstrate a strong commitment to sustainability

▶ Engage with industry collaborations such as CEBA, the Sustainability Roundtable, and the Semiconductor Climate Consortium

Examples of how we are extending our sustainability impact to our customers:

▶ Enable low power design in SoC architectures

▶ Optimize energy efficiency and cooling of high-performance computing and data center applications

▶ Help AI chip designers meet or exceed performance and energy goals and accelerate time to market

▶ Continue to innovate for our next generation hardware-assisted verification products to enable higher verification task efficiency

Photo Credit: Sam Kurutz, Synopsys Employee, United States

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Our Influence Through Innovation

We live in a time of unprecedented acceleration in advanced digital technologies. Explosive growth of AI and machine learning is increasing computational power demands. Hyper-scale computing, automotive, mobile, medical, and other specialized applications are driving a shift toward chip architectures tailored to their unique performance needs. Electronics digital twin technology provides virtual models to explore, analyze, and optimize chip designs before physical prototypes become available.

From silicon to systems, Synopsys is enabling these shifts with the most advanced design solutions to enable greater speed, power, reliability, and security. At the same time, we recognize that as the technology industry pursues a thousandfold improvement in computational power, we must also pursue a thousandfold improvement in energy efficiency.

Exponential consumption trends are currently far outpacing growth in the world's energy generating capacity.

Synopsys drives maximum energy savings in the semiconductor ecosystem through solutions that optimize energy efficiency in the design and use of chips, systems, and software, along with solutions that cut energy use, water use, and waste in semiconductor manufacturing.

Photo Credit: Li Liu, Synopsys Employee, China

Driving Energy Efficiency Through System Design

Energy-efficient SoCs are a critical need in all major markets, from applications for high-performance computing (HPC), AI, data centers, networking, and storage to devices for mobile, wearables, IoT, aerospace, and automotive applications. Synopsys' solutions drive significant improvements in compute power per watt across every phase of the SoC design process.

Software: Our solutions enable profiling the software workload for power consumption to enable energy-efficient SoCs.

Architecture: Our solutions drive efficiency via user-driven exploration of power management strategies, as well as macro-architectural tradeoffs for power-performance and intelligent IP integration.

Logic Design: Our solutions achieve power savings through micro-architectural tradeoffs and by using various tool-guided techniques for operation efficiency improvements.

Implementation: Our solutions apply automatic optimization in various power-related areas, helping designers maximize power, performance, and area (PPA) results for their chips.

Signoff: Our solutions center on highly accurate signoff analysis for power consumption, along with dynamic and leakage power recovery that employs precise engineering change order (ECO) changes.

Verification: Our solutions enable comprehensive functional verification of complex SOCs using advanced power management techniques by leveraging the Unified Power Format (UPF).

Improving Efficiency for Chip Manufacturers

Processing a single wafer in a semiconductor fab can require hundreds of process steps and take more than a month, after which another month is consumed in the assembly, testing, and packaging steps necessary to deliver a finalized chip to market. These processes generate petabytes of data that need to be analyzed quickly and accurately to optimally control high-volume manufacturing, minimize process excursions, and produce the best possible yield using the minimum of energy and water resources. Synopsys addresses these challenges for our customers with software solutions spanning chip design, verification, mask synthesis, process modeling, on-chip testing and monitoring, and AI/ML-based data analytics.

Learn more about Synopsys' industry-leading end-to-end solutions for energy-efficient SoC design.

Our Impact Through Operations

Synopsys is a growing company, and we are continually working to reduce our own operational impact by looking for efficiencies and optimization across the company. We have set ambitious science-based GHG emissions reduction targets, prioritize the use of renewable energy, form partnerships to help reduce our carbon footprint, and implement office location strategies that advance our sustainability and cost initiatives. These efforts not only help us attract and retain talent and serve our customers better, but also demonstrate our commitment to environmental responsibility.

Photo Credit: Nicole Chmura, Synopsys Employee, United States

Climate Resilience: Mitigating Risks, Identifying Opportunities

Synopsys undertakes periodic assessments to review climate risks and opportunities relevant to our business. To date, these assessments have identified no material climate risks to our business, strategy, or financial planning related to either the transitional impacts of climate change (carbon pricing, reputation, legislation) or physical risks from climate-related events (e.g., wildfires, storms, floods). Nevertheless, we are committed to taking responsibility for our carbon footprint. We understand the carbon intensity of our operations and supply chain, and we work to mitigate associated impacts via new strategies and technologies.

We report on our climate-related practices using three leading assessment frameworks:

▶ The CDP Climate Change questionnaire, where we annually disclose our potential climate impacts, risks, and opportunities

▶ EcoVadis assessments, to evaluate our sustainability practices and make data accessible to our customers

▶ The Task Force on Climate-related Financial Disclosures (TCFD), to provide investors with information on climate-related risks pertaining to our products, operations, and supply chain

Following a multi-step review process, our near-term targets for reducing GHG emissions received SBTi validation in 2023, confirming Synopsys is following best practices in our emissions reduction targeting, in line with climate science.

Additionally, we are preparing for compliance with new climate disclosure requirements applicable to Synopsys. In 2023, we undertook a value chain exercise to assess our impacts, risks, and opportunities; reviewed our GHG emissions processes and controls; built out our response to California's Voluntary Carbon Market Disclosure; and conducted a mapping of our compliance strategy for the EU's Corporate Sustainability Reporting Directive (CSRD).

See our TCFD Index for more details on Synopsys' climate-related risks, opportunities, and strategies. Material risks are also reported in our Annual Report on Form 10-K.

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Science-Based GHG Emissions Reduction

In 2023, Synopsys achieved validation of our GHG emissions reduction targets from the Science Based Targets initiative (SBTi), the foremost certifying body in GHG reduction target setting and validation. SBTi considers targets science-based if they align with climate science and the goal of limiting global warming to 1.5°C above pre-industrial levels.

Meeting SBTi criteria, Synopsys is now committed to four near-term science-based targets and has developed a management structure and initiatives to enable our teams, drive improvements, and report on progress toward our targets. Beginning with this report, we are reporting that progress annually.

We plan to review our targets in 2027 based on the latest SBTi criteria and guidance. If a significant change to our business occurs before 2027, we will review our targets accordingly.
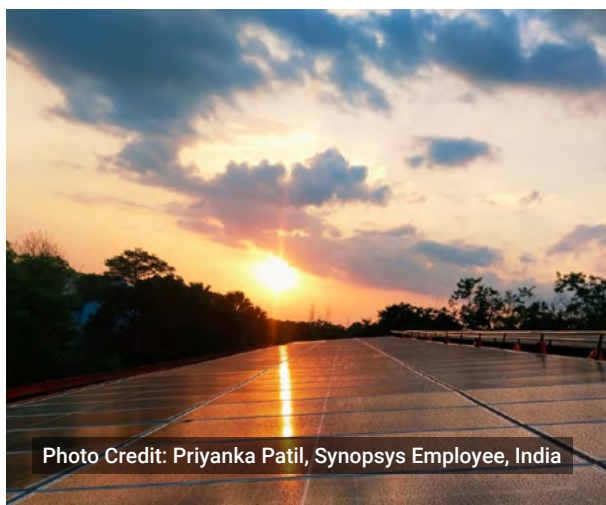
Photo Credit: Priyanka Patil, Synopsys Employee, India

Progress Toward Science-Based Targets

See our GHG Emissions Data Table for details.

Our progress towards meeting Synopsys' SBTi targets is generally measured against our 2019 GHG emissions. Since 2019, Synopsys has experienced significant operational growth, with a 58% increase in revenue, a 46% increase in our employee base, and a 20% overall increase in electricity consumption. Despite this significant growth, our Scope 1 and Scope 2 emissions are 1% lower than our 2019 base year and we are making meaningful progress towards our SBTi emissions reduction targets, as shown in the chart below.

We expect that our progress will vary from year by year until the target date. For example, due to a combination of business growth and the increasing power demands of advanced computing, progress towards our Scope 1 and Scope 2 emissions reduction targets may be minimal or even negative over the next few years until renewable power facilities associated with our power purchase agreements come online. We will continue to take specific decarbonization actions until and after our target date.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Target[1]	Progress Toward Goal	Goal
55% reduction in absolute Scope 1 and 2 GHG emissions by 2032	2%	55%
62% reduction in Scope 3 GHG emissions from employee commuting and business travel, per employee, by 2032	50%	62%
62% reduction in Scope 3 GHG emissions from use of sold products, per lifetime verification task, by 2032	82%	62%
45% of our suppliers for purchased goods and services and capital goods, based on spend, will maintain their own science-based targets, by 2027	36%[2]	45%

[1] Baseline year: 2019

[2] This represents suppliers with validated SBTi targets.

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CarbonNeutral® Company Certification

In 2023, we achieved CarbonNeutral® company certification across our global operations for the fifth consecutive year through a portfolio of high-quality, verifiable energy attribute certificates (EACs) and offsets. The purchase of EACs and offsets specifically for the CarbonNeutral® company certification are not accounted for in our emissions inventory, including progress toward our emissions reduction target.

For more information, see our California Voluntary Carbon Market Disclosure.

E-waste

We contract with an IT asset disposition (ITAD) vendor certified to the Responsible Recycling (R2) standard to dispose of all non-functional and unrepairable electronics responsibly and provide us with an annual impact summary. In 2023, 91,451 pounds of Synopsys e-waste was refurbished and reused or recycled.

Renewable Energy

Boosting our use of renewable energy is an integral part of Synopsys' science-based emissions reduction strategy, and we continued making gains in 2023. In Texas, our virtual power purchase agreement (VPPA) with Azure Sky Wind generated approximately 49,000 MWhs of clean energy, mitigating 50% of energy demand in our North American operations for the year. In Bangalore, India, a power purchase agreement (PPA) provides our offices an annual 3,100 MWhs of wind capacity. In California, our headquarters offices source clean, renewable energy through a Community Choice Aggregation (CCA) program. In addition to our offices, several of our global data center locations are supported with clean renewable energy.

In 2023, Synopsys joined the Green Power Partnership, a project of the U.S. Environmental Protection Agency (EPA), which recognized Synopsys as a leader in green power development and consumption for our participation in the Azure Sky Wind VPPA and other U.S. renewable energy programs.

As markets allow, we plan to continue to explore new procurement opportunities across our operating regions, considering CCAs, PPAs, VPPAs, and utility programs that meet our standard of being as local as possible to the source of consumption.

Prioritizing Data Center Efficiency

In 2023, we made significant progress on a multi-year strategy to improve Synopsys' data center sustainability through partnerships with sustainability-focused colocation providers and optimization of our on-premise data center infrastructure. By year-end 2024, our optimization strategy aims to have transitioned 1.58 MW of data processing capacity to more efficient data centers, with the ultimate aim of consolidating our footprint from 53 data centers (baseline 2021) to 13, both colocated and on-premise.

During 2023, we launched three major projects as part of our renewable energy strategy. In Quebec, we established a new data center powered nearly 100% by hydropower, supporting growth in both Canada and the U.S. In India, we relocated to a new data center colocation project that can source up to 85% of its energy from renewable sources. In partnership with NorthC, we established a 100% renewables-powered engineering-focused data center in the Netherlands that went live in early 2024, supporting our European growth. Concurrently, we closed seven older, less efficient on-premise data centers, with an additional ten closures planned for 2024.

Sustainable Facilities

Through our long-term strategy of centralizing operations in global growth hubs, we aim to locate our facilities in vibrant, walkable locations with access to efficient public transportation, advancing both sustainability and our ability to attract and retain talent. In 2023, we launched several new facilities management initiatives and aligned with new strategic partners who will help us further improve day-to-day operational efficiency at our facilities and reduce facility risks and operating costs worldwide. Our goals are to focus on the following areas:

▶ Secure more comprehensive data on our operational energy use, water use, and waste

▶ Benchmark our current capabilities against our industry and peers

▶ Identify mitigation projects and green construction certification opportunities (LEED, BREEAM, etc.)

▶ Partner with vendors whose environmental commitments align with our environmental goals

Synopsys operates both owned and leased facilities, which together account for 79% of our annual Scope 1 and 2 GHG emissions. For new building construction and renovation, we seek certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program or comparable construction standards in the facility's region. Where feasible, we also work with our vendors and consultants to achieve these criteria at existing facilities. Currently, Synopsys occupies approximately 1.4 million square feet of green-certified office space around the world.

Since leased facilities account for the majority of our footprint, they are pivotal to achieving our renewable energy and climate goals. As part of the selection and leasing process, we pay close attention to candidate sites' emissions levels, energy efficiency, water efficiency, and waste recycling capabilities. As a signatory to the Clean Energy Buyers Association (CEBA) Commercial Real Estate Principles, we seek to build partnership and transparency between tenants and landlords around energy use reduction, efficiency, and use

of renewables. Our new facilities management programs will improve our ability to capture and track utility data for energy, water, and waste, and deliver local expertise to plan and execute on-site performance improvement opportunities and waste-mitigation projects.

Water and Waste

For new facility leasing arrangements, we require landlords to define their environmental initiatives with the goal of achieving certification to the applicable standard (LEED, BREEAM, etc.). Due to the nature of leasing structures, particularly in multi-tenant buildings, tracking our total water and waste impacts has proved a challenge.

Across our footprint, local teams identify and implement impact-reduction strategies for water use and waste. For instance, our headquarters in Sunnyvale, CA, donates an average of 1,400 pounds of food scraps weekly to the city's FoodCycle program, which recycles the waste into nutrient-rich fertilizer, animal feed, and feedstocks for anaerobic digestion systems that create biogas.

Social

To help shape a Smart Future, Synopsys must remain at the forefront of innovation—day after day, year after year. To do so, we focus on our people, ensuring our ability to recruit, support, and retain the most talented, diverse teams. From there, our circle of impact expands outward. We cultivate research, innovation, and our industry's future talent pipeline through university partnerships and we support K-12 science, technology, engineering and math (STEM) education to instill a science mindset in students. Additionally, we address critical needs in communities worldwide through grantmaking and employee community engagement.

Our People

At Synopsys, we empower our talent to create the tools required to keep us on the cutting edge, both today and well into the future. We are proud to have the best and brightest talent working together to forge a culture of inclusion, diversity, support, and respect. Further, we enable all voices, backgrounds, and experiences to contribute to achieving our business objectives and delivering positive impacts worldwide.

We know that employees can only bring their best to work each day if they are engaged, challenged, and supported professionally and personally. Through our ecosystem of learning and growth opportunities, collaboration and innovation tools, creative work environments, and robust total rewards, we help our employees thrive and do great work.

Our People Strategy and Management Approach

Our People and Places Team, led by our Chief People Officer, is focused on building a workforce of both early career and experienced talent—creating a vibrant, engaging workplace culture that offers robust opportunities for learning and growth. Our people strategy rests on our values of integrity, execution excellence, leadership, and passion, and our leaders and managers feel accountable for delivering a positive employee experience.

Synopsys' People Leadership Team provides quarterly human capital performance reports to our Board's Compensation and Organizational Development Committee. The Committee reviews workforce metrics to assess the vibrancy of our culture.

Learn more about our people-related policies and commitments, our training and development strategy, and how we regularly listen and engage with employees through formal and informal channels.

Synopsys Pitch Fest

Synopsys Pitch Fest is a new annual event introduced in 2023 to shine a spotlight on our shared spirit of innovation. Open to all employees globally, Pitch Fest's inaugural year saw more than 1,000 individuals pitch more than 850 ideas.

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Inclusion and Diversity

At Synopsys, we know that our success depends on having diverse teams of extraordinary professionals who are empowered to innovate. We also know that true empowerment requires true inclusion—a promise and practice that ensures all employees feel seen and respected.

With more than 20,000 employees across 30-plus countries, Synopsys is a tapestry of backgrounds, traditions, viewpoints, and attributes. By building a culture of inclusion, fairness, and trust, we enable a workplace where all our people can enthusiastically be and bring their best—speaking up, sparking ideas, listening, collaborating, working through challenges, and developing solutions that drive innovation.

Our work creating an inclusive and diverse Synopsys spans throughout the employee experience, even before a new hire comes in the door. Since our leaders and managers play a key part in creating this experience, we want them to have the mindset and skills to lead inclusively, and are committed to upholding this important part of our culture. Demonstrating our pledge to removing barriers to success and ensuring fairness for all, we regularly review and improve talent management processes that impact the employee experience at Synopsys, including processes for hiring, compensation, talent development, and promotions.

Comparably Best Places to Work Awards
In 2023, we were named among the best companies for corporate culture, diversity, women, and CEO.

Fostering an Inclusive Culture

Creating an inclusive culture requires actively listening to people of different backgrounds and demonstrating real interest, curiosity, and attention. With the goal of elevating each person's individual worth to benefit all, we offer programs and events globally through which our employees can learn about each other, foster connections, and demonstrate inclusivity every day.

▶ **Taking Action on Pay Equity:** Since our first pay equity initiative in 2016, Synopsys has remained committed to our employees being compensated fairly for their skills and expertise. In 2023, we conducted another comprehensive pay equity review for all positions globally to ensure equitable pay levels among employees performing similar work in similar locations. Women at Synopsys earned an average of $0.99 for every $1 men earned in the same position and location, and U.S. Black, Hispanic and Latinx, and Indigenous employees earned an average of $1.01 for every $1 earned by white employees.

▶ **Creating Community and Connection:** Synopsys' Employee Resource Groups (ERGs) create space for our employees to brainstorm, share experiences and ideas, and build welcoming communities that positively impact our business, culture, and the world beyond our walls. We also facilitate forums, discussions, and other activations around regional and global heritage months such as Black History Month and Global Diversity Awareness Month, highlighting the fact that diversity is about all of us.

Women Impact Network (WIN)

Developing women's engagement and leadership and inspiring girls and women to become tech's next generation of innovators

The Very Inclusive Black Employee Network (VIBE)

Cultivating a business environment that attracts, mentors, develops, and encourages Black employees to reach their full potential

HOLA!

Increasing awareness, leadership opportunities, and representation for Synopsys' Hispanic and Latinx employees and supporting Hispanic and Latinx culture and identity

NEX-GEN

Engaging early-career hires to build connections, expand their networks, and build careers of innovation and leadership at Synopsys

PRIDE

Fostering an inclusive and affirming space for LGBTQIA+ people within Synopsys, the tech industry, and the communities where we work

Why ERGs Matter to Me

"I know that Synopsys is deeply committed to inclusion and diversity, and being part of HOLA! ERG helps me support strategic and business goals while advocating for the Latinx community."

— Maria Layrisse,
Executive Director, Financial Planning & Analysis, Finance

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Training and Development

Synopsys is a destination for innovators at all levels, from early career to more experienced talent. We offer an "always learning" culture that supports our employees in achieving their personal and professional objectives and enriching their lives. We know that our commitment to ensuring that everyone can thrive no matter where they are in their professional journey is a strategic advantage. By encouraging our people to seek greater knowledge and skills, we help them achieve satisfaction throughout their careers and we help Synopsys be a trusted, creative, and resilient partner.

Across the company, our "Learn, Lead, Grow" strategy puts those aspirations into practice, delivering relevant and outcomes-oriented training. Our learning and development opportunities are designed to ensure our managers have the skills to nurture and motivate their people and teams, and promote a vibrant, engaged work environment for all.

▶ **Learn:** Through our Degreed digital learning platform, instructor-led sessions, and other support for training, mentoring, and listening, we make it easy for our employees to curate, share, and discuss their knowledge, cascading future-focused capabilities throughout the organization.

▶ **Lead:** Aimed at all executive and management levels, our leadership training teaches and reinforces the skills to attract, retain, and develop talent in today's competitive environment. Our Compass Leadership Essentials Course coaches managers on their role, the business, and how to inspire, direct, and recognize their team members, and our Inclusive Leader series elevates managers' inclusion and diversity mindset through practical examples and experiences.

▶ **Grow:** As Synopsys employees advance in their careers, our training framework builds new competencies on established foundational skills, equipping people for challenges and promoting advancement and retention.

Connection and Engagement

Our employees shape Synopsys, working together to achieve our mission and bring our values to life. That's why we're committed to listening to their needs, priorities, and opinions and then taking action to drive transformation at all levels of the company.

Our semi-annual SHAPE Synopsys surveys give our employees the opportunity to share feedback with leadership and their direct managers, adding their voices to help make Synopsys a better place to work. Our May 2023 SHAPE survey garnered participation from 94% of Synopsys' employees. We received above average engagement scores (82/100) and 89% of our employees recommend Synopsys as a great place to work.

> **By the end of 2023, 86% of Synopsys people managers had completed our live Inclusive Leader training.**

In response to survey feedback about communication, we instituted new mechanisms for connecting and sharing updates, including Listen and Learn sessions and town halls. We also improved our efforts to identify and support lower-scoring teams. Leveraging historical survey data, we identified key engagement drivers and used them to design a campaign that provides managers and teams with the learning opportunities and resources they need to improve engagement.
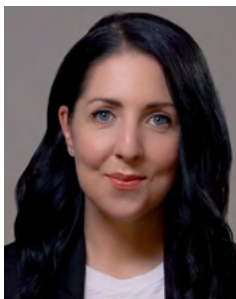

Photo Credit: Nicole Chmura, Synopsys Employee, United States

Total Rewards

Synopsys provides competitive pay and benefits calibrated to attract, retain, and recognize talent at all levels of the organization. Our pay-for-performance philosophy ensures that we are rewarding employees based on their contributions to the company and motivating all employees to help us deliver on and surpass our goals. Our approach is also structured to ensure we are rewarding our talent competitively based on job and location.

While specific benefits are determined by country, Synopsys is committed to ensuring that all our employees and their families can achieve and maintain proactive health and wellbeing. We're committed to tailoring our benefits to cover key needs at all stages of life, providing comfort, financial assistance, and security through benefits such as mental health support, student loan remediation, elder care, oncology care, gender-affirming care, and parental resources that extend to the costs of surrogacy and adoption.

Click here for more information on Synopsys' benefits.

Occupational Health and Safety

Synopsys' Occupational Health & Safety Management System helps to ensure safe and healthy workplaces globally. We are committed to the health and safety of Synopsys employees, contractors, and visitors, and maintain policies and standards that support proactive hazard recognition and control, comprehensive safety training, robust emergency response, tabletop exercises, and global health and safety regulatory compliance.

Our resilience as a company is directly related to the investment we make in our people. In 2023, Synopsys Emergency Response Teams were comprised of over 700 members who have been trained to respond to life-threatening situations and other emergencies that may impact our people or operations. During the year, we introduced a new contractor safety onboarding program to ensure our contingent workforce around the world is informed of workplace safety and health risks.

To protect our people from emerging risks including climate and geopolitical issues, we invest in global emergency response and preparedness programs.

Our SynopsysALERT system is designed to notify employees and their families in emergency situations and connect them with resources as needed. We test SynopsysALERT on a quarterly basis, and achieved an over 85% response rate in recent testing. Additionally, at most of our global locations, we have worked with Cardio Partners to assure the presence and functionality of defibrillators.

Health and safety programs at our global sites evolve continuously to keep abreast of workplace safety and health risks and changing regulations.

Photo Credit: Mimi Chang, Synopsys Employee, Taiwan

"As a dedicated (and busy) executive, I wholeheartedly endorse our employee care platform for integrating employee benefits, insurance services, and well-being into our daily lives."

— Jamarie Milkovic, Senior Director, Global Brand & Creative, Global Marketing and Communications

Workforce Development for the Future

Semiconductors form the backbone of key technologies driving global innovation and growth. While investments spurred by the U.S. CHIPS Act and other initiatives around the world guarantee massive increases in manufacturing over the coming decade, technology companies must match those efforts with investments in new talent that will help drive the industry forward. At Synopsys, we're meeting that challenge with programs that engage and support today's students to become tomorrow's engineers.

Workforce Development for the Future Strategy and Management Approach

Synopsys Academic & Research Alliances (SARA) collaborates closely with universities on workforce development activities in communities across the world. With an emphasis on cultivating research, innovation, and talent, the program seeks to deepen Synopsys' role as a preferred technology partner-of-choice and empower the workforce of tomorrow. Our efforts touch a spectrum of academic stakeholders:

▶ **Students:** Empower and educate the next generation of engineers to be ready to tackle tomorrow's challenges

▶ **Educators:** Provide learning opportunities and training materials while lowering access barriers to Synopsys technology for education and research

▶ **Researchers:** Address evolving challenges in the semiconductor industry, uncover new solutions, and pave the path toward future technologies

▶ **Entrepreneurs:** Collaborate to discover new technologies and turn fresh ideas into market-ready products

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SARA Programs

The Synopsys University Software Program is the foundation of SARA, offering universities access to cutting-edge, commercial-grade Synopsys technology in the classroom and for research projects.

Other programs offer academic stakeholders access to curriculums and tools for IC design and EDA development, customizable scripts for student design environments, and a comprehensive online training hub and resource repository. SARA's curriculum currently includes more than 150 full-semester courses for bachelor's and master's degrees, with fully developed collateral materials including slides, syllabi, labs, homework, exams, and projects. Passionate employees spearhead each program and partnership to educate professors and students and drive the industry forward.

Through all these initiatives, we aim to accelerate classroom learning and help highly skilled graduates gain hands-on experience with real-world challenges, preparing them for future careers. To date, Synopsys' SARA program has empowered more than 230 universities and colleges across the United States and more than 1,000 universities globally.

SARA Partnerships

In addition to our direct engagement with academic stakeholders, Synopsys developed partnerships around the world in 2023 to fuel the development of future semiconductor talent.

In August, we joined with other industry, academic, and government partners to create the Semiconductor Education Alliance, an effort to build and support future talent by developing frameworks tailored to the industry needs of specific geographies and providing accelerated educational and training pathways, resources, and services.

In September, Synopsys announced an effort to advance semiconductor development in Vietnam, partnering with the Authority of Information and Communication Technologies Industry (AICTI) of Vietnam to promote research and development in the local semiconductor design industry.

In October, Synopsys and the Indian Institute of Science (IISc) in Bengaluru collaborated to launch the India Semiconductor Workforce Development Programme (ISWDP), which aims to ensure that Indian engineers are equipped with the fundamental and advanced skills needed to meet the nation's semiconductor growth objectives.

SYNOPSYS | ACADEMIC & RESEARCH ALLIANCES
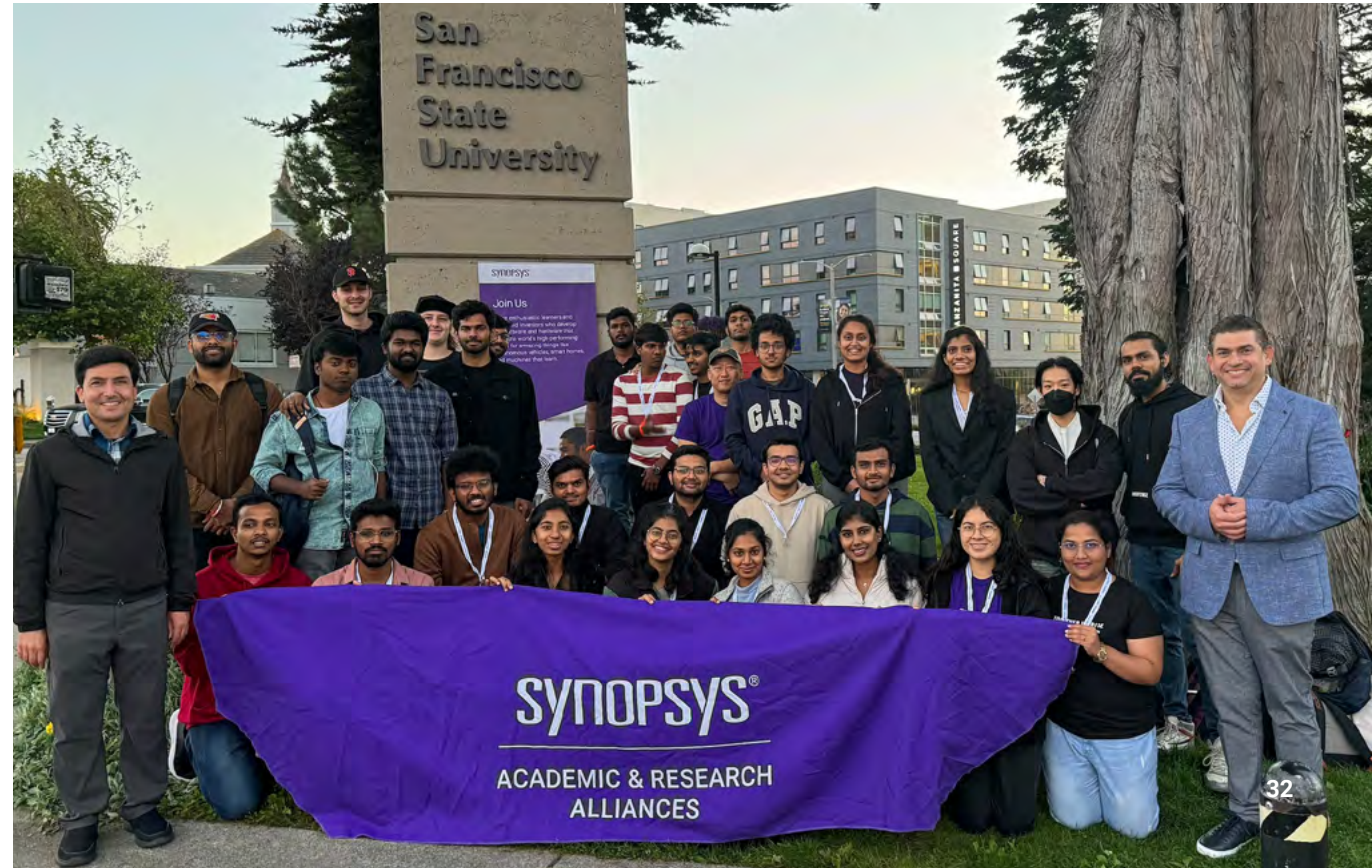
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Social Impact

Synopsys translates our values into action by showing up and bringing about real, meaningful change in and for our communities, which we believe contributes to our strong culture and employee engagement. Our Synopsys for Good program acts as a catalyst for change across three focus pillars: supporting science, technology, engineering, and math (STEM) education to prepare students for the future; addressing essential needs and inequities in the community; and helping create a sustainable environment. In all three areas, we center the needs, perspectives, and lived experiences of the diverse communities we aim to serve, working to alleviate historic and ongoing discrepancies in access to opportunity, treatment, and outcomes. This equity lens drives our social impact process, from project development and nonprofit partnerships to resource allocation.

In 2023, we met our social impact goals by increasing environment-focused grants and further aligning employee community engagement to how and where our people work.

SYNOPSYS FOR GOOD

Synopsys for Good generates positive impact in the community by mobilizing our employees and resources to help solve social challenges around the world and create access to opportunity.

Our Social Impact Strategy and Management Approach

Synopsys for Good facilitates every aspect of our social mobilization, including corporate-led efforts, grants through the Synopsys Foundation, and employee giving and volunteerism. Synopsys for Good is managed by our Social Impact team and executed in partnership with employee Community Leads and Community Involvement Teams around the world. We take a regional management approach to philanthropy and employee community engagement and utilize a globally accessible online portal to manage volunteer projects, monetary and volunteer-time matching gifts, and employee giving campaigns.

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2023: Social Impact by the Numbers

Synopsys Foundation giving

$4.5M

Synopsys India CSR 2% giving

$910K

Employee giving reported

$1.4M

Volunteer hours reported

13,844

Social Impact Focus Areas

Synopsys for Good aims to create positive impact across three focus areas:

Education
Focusing on K–12 (primary and secondary) education, we aim to prepare students for the future of work and innovation with STEM education experiences. We partner with organizations that work to close equity and achievement gaps; inspire and engage students to build problem-solving, design-thinking, and digital skills; and increase diversity in STEM education and career pathways.

Community
Focusing on the communities where we operate, we aim to improve quality of life and address essential needs and inequities. We partner with organizations combating food insecurity and hunger, supporting inclusion efforts, and leveraging technology to address social challenges.

Environment
Focusing on climate change, we aim to mitigate its effects on people and the plant. We partner with organizations that help protect ecosystems, improve access to and use of clean energy in rural and low-income communities, and create experiences that shape the next generation of environmental stewards.

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Engaging Employees with Our Communities

2023 Season of Service

73 projects

20 countries

43 office locations globally

Season of Service

Season of Service is our annual one-month global volunteer program, through which Synopsys employees worldwide can support projects aligned with Synopsys for Good's three focus areas. For optimum flexibility, employees may participate in person at Synopsys offices, at nonprofit locations or project sites, or virtually.

In 2023, we nearly doubled the number of countries in which we supported projects, engaged more Synopsys locations, and grew the total number of projects over the previous year. Running throughout November, projects supported the communities in which we work and live while we also encouraged employee community engagement company-wide.

*Click here for an overview of our
2023 Season of Service projects.*

Matching Gift Program

Synopsys' global Matching Gift Program amplifies our employees' social impact by doubling their monetary donations and volunteer hours up to $1,000 USD per employee, per year. In 2023, combined employee giving and Synopsys Foundation match delivered $2.6M to nearly 2,000 eligible charities and nonprofits worldwide.

SEASON OF SERVICE

Building Partnerships Through Philanthropy

The Synopsys Foundation

The Synopsys Foundation makes grants to eligible organizations in the communities where we operate, supporting programs and services that prepare students for the future through STEM education, address essential needs and inequities in the community, and work to mitigate climate change. In 2023, the Foundation supported 40 nonprofits, including:

▶ **Sunnyvale Community Services (United States),** which provides financial assistance to low-income residents for housing, nutrition, medical care, and other needs

▶ **Apps for Good (Portugal),** which provides schools with free tech innovation courses and empowers students with essential STEM skills

▶ **Guandu Nature Park (Taiwan),** which protects 140 acres of wetlands and vital bird habitat in northern Taiwan

Synopsys Outreach Foundation

Celebrating its 25th year, the Synopsys Outreach Foundation focuses on project-based STEM education, working to ignite interest, nurture potential, and empower students at the K–12 level. Collaborating with San Francisco Greater Bay Area education stakeholders and community partners, the Outreach Foundation aims to provide equitable and inclusive opportunities in areas including building STEM classrooms, supporting and fostering STEM experiences, and training STEM teachers. In 2023, projects supported by the Outreach Foundation included:

▶ Building STEM Classrooms, which provided over 760 local educators with classroom STEM supplies

▶ STEM Shops, which served five counties and over 600 new and career educators by providing foundational STEM supplies

▶ STEM Opportunity Fund grants, which provided $350,000 to local STEM fairs, family education nights, maker spaces, field trips, classroom curriculum, and intervention programs

▶ Sciencepalooza!, which hosted more than 350 community members and partners at San Jose State University for free, fun, hands-on activities that explored facets of STEM and pathways to STEM futures

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Corporate Social Responsibility at Synopsys India

Synopsys India creates positive social impact by partnering with organizations that provide STEM education and infrastructure support, address essential needs and inequities in struggling communities, and help protect ecosystems. During the India 2023–24 financial year (April 1, 2023 to March 31, 2024), Synopsys India partnered with 20 nonprofit organizations to implement 27 projects, impacting 59,000 beneficiaries. These impactful projects also fulfilled the obligatory requirements under Section 135 of the Companies Act 2013, which requires large companies to dedicate at least 2% of their average net profits to corporate social responsibility (CSR) activities. These activities strengthen our Synopsys for Good mission to help solve social challenges around the world and create access to opportunity.

Synopsys India CSR 2% Giving

Nonprofit partners

20

Projects

27

Beneficiaries

59,000
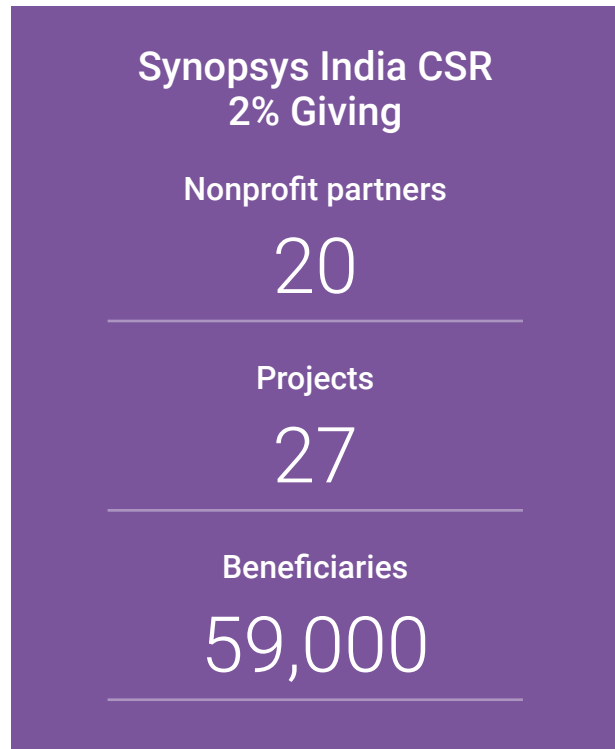
Disaster Relief

Synopsys has a long history of providing support when disasters and conflicts affect our communities, families, and friends. In addition to support for our own workforce, the Synopsys Foundation makes grants and matches employee donations to help with immediate relief needs and long-term rebuilding.

Photo Credit: Ankita Bhatnagar, Synopsys Employee, India

Governance

To build and maintain trust among our stockholders and other stakeholders, we are committed to utilizing best practices in our operations, governance, reporting, and disclosures. Throughout 2023, our many efforts in support of this commitment included, among other things, further developing our resilience against cyberthreats and other potential business disruptions, engaging proactively with stockholders on ESG issues, and updating our governance policies based on evolving corporate best practices and stockholder feedback.

Photo Credit: Nakul Jain, Synopsys Employee, India

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Corporate Governance

Our Board oversees the management of Synopsys' business operations and ensures that the interests of Synopsys' stockholders are served. The Board recognizes that advancing the interests of stockholders requires giving attention to the interests of other Synopsys stakeholders, including customers, employees, business partners, local communities, and more. A framework of bylaws, corporate governance guidelines, committee charters, and other policies and practices enables the Board to fulfill its duties to our stockholders, and provides them oversight of key issues, including, among other things, human capital management, ESG, and cybersecurity. The Board executes its oversight duties directly and through its committees, which regularly report back to the Board.

For detailed descriptions of Synopsys' corporate governance practices, please refer to our most recent Proxy Statement and Annual Report on Form 10-K, or visit the Corporate Governance page of our website. For details on our ESG governance, see How We Manage ESG.

Policies and Statements

Synopsys Affirmative Action Policy

Synopsys Board Committee Charters

Synopsys Bylaws

Synopsys Business Partner Code of Conduct

Synopsys Code of Ethics and Business Conduct

Synopsys Conflict Minerals Policy

Synopsys Corporate Governance Guidelines

Synopsys Data Privacy and Protection Statement

Synopsys Political Activities Policy

Synopsys Privacy Policy

Synopsys Statement on UK Modern Slavery Act

Synopsys Supplier Code of Conduct

Synopsys Voluntary Carbon Market Disclosure

Photo Credit: Ankita Bhatnagar, Synopsys Employee, India

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Board Composition

Three standing committees—our Audit Committee, Compensation and Organizational Development Committee, and Corporate Governance and Nominating (CGN) Committee—assist Synopsys' Board of Directors in its oversight of Synopsys' business strategy and strategic planning, including, among other things, strategic transactions, senior management development, succession planning, and talent management. Continuous oversight enables our Board of Directors to focus on Synopsys' performance over the short, intermediate, and long term. In addition to financial and operational performance, non-financial measures such as goals for cybersecurity, sustainability, and other areas related to our ESG efforts are discussed regularly by our committees and reported to the Board of Directors.

The CGN Committee works to ensure that the Board is comprised of directors that bring diverse viewpoints and perspectives and exhibit a variety of skills, professional experiences, and backgrounds to effectively represent the interests of our stockholders. To achieve this, the CGN Committee works with our Board to determine the appropriate skills, experience, qualifications, and attributes we seek in our Board members in light of our business environment, strategic priorities, and existing Board composition.

Our Board is comprised of eleven members, three of whom are female and eight male. With the exception of our President and CEO, Sassine Ghazi, and our Board's Executive Chair, Aart de Geus, all Board members are independent.

Board Snapshot

Gender Diversity
- 8 Male
- 3 Female

Ethnic Diversity
- 8 White
- 2 Hispanic or Latinx
- 1 Did Not Disclose

Tenure
- 5 0–5 years
- 4 >10 years
- 2 6–10 years

Independence
- 9 Independent
- 2 Non-Independent
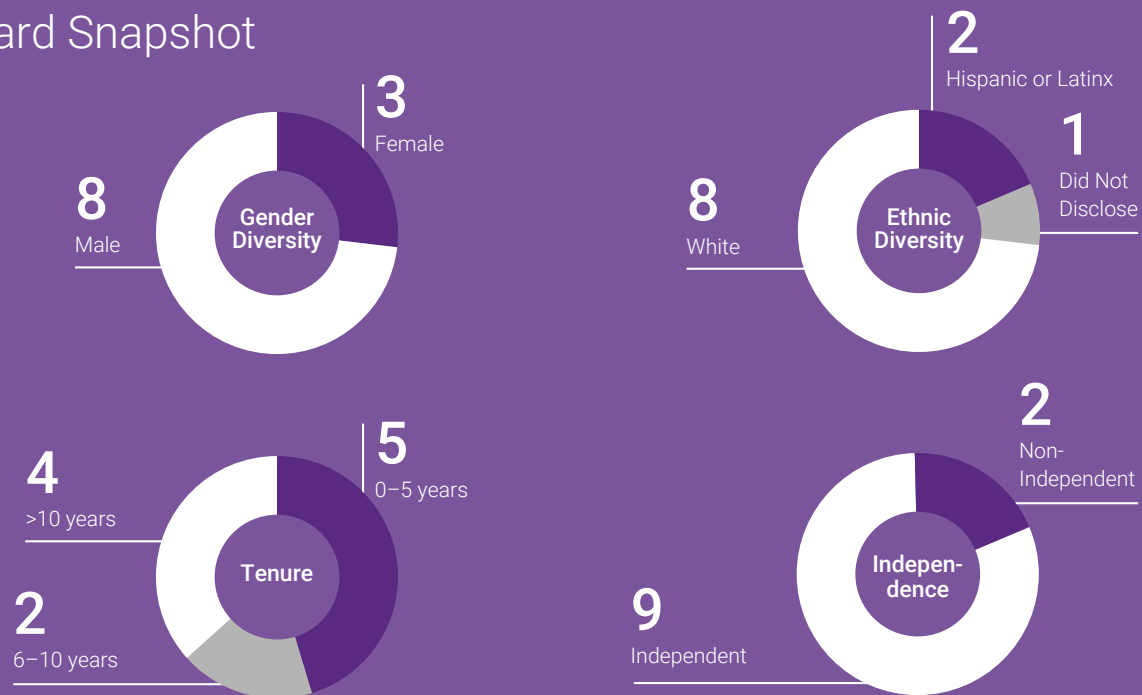
Skills and Experience

Business Strategy - 9/11

Executive Leadership - 11/11

Financial Expertise - 8/11

Global Expertise - 10/11

Public Company Board - 10/11
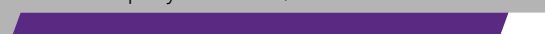
Risk Management - 11/11
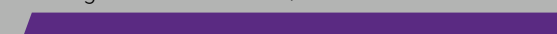
Sales & Marketing - 8/11

Semiconductor Industry Experience - 5/11

Software Industry Experience - 8/11

Strategic Transactions - 11/11

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Integrity, Ethics, and Business Conduct

In 2023, we introduced a completely new Code of Ethics and Business Conduct to better guide the behaviors and actions of our global workforce in accordance with our core values, high ethical standards, and legal obligations. Released simultaneously in twelve languages, the refreshed code is streamlined and more visually engaging for ease of use and contains links to underlying policies and procedures in areas such as inclusion and diversity, protecting privacy and intellectual property, avoiding conflicts of interest and insider trading, anti-bribery and anti-corruption compliance, environmental stewardship, and social impact. Our Business Partner Code of Conduct and Supplier Code of Conduct communicate our high ethical and legal standards throughout our business ecosystem.

Our Ethics & Compliance (E&C) program is led by our Chief Ethics and Compliance Officer, who provides regular reports to the Audit Committee of the Board of Directors.

Anti-Bribery and Anti-Corruption

Synopsys maintains a zero-tolerance policy for bribery and corruption. We promote high standards of ethical business conduct and are committed to compliance with global anti-bribery laws in countries where we do business. Our Code of Ethics and Business Conduct outlines these commitments, and employees can access additional support via our internal Synopsys

Anti-Corruption Compliance Policy. Our E&C team performs an annual anti-corruption risk assessment and collaborates with Internal Audit to assess Synopsys' operations for corruption risks, evaluate our anti-bribery and anti-corruption compliance program's design and implementation, and test program effectiveness. In certain targeted locations, we deploy culture surveys focused on E&C issues to learn what our employees are experiencing, where they may need additional support, and to whom they are reporting concerns.

Ethics and Integrity Training

All Synopsys employees are required to read, understand, and abide by our Code of Ethics and Business Conduct. Employees complete this requirement at hiring and every year thereafter during Integrity Awareness Month. In 2023, we created a new Code of Conduct training module custom-tailored to the specific business risks Synopsys employees encounter on a day-to-day basis. Additional trainings are offered to employees in certain roles and geographies, on topics including anti-corruption, import/export compliance, and antitrust.

Reporting Concerns

Synopsys expects our people to report suspected violations of laws, rules, regulations, and company policies by other employees or any of our suppliers,

vendors, resellers, or distributors. Employees may raise these issues at any time without fear of retaliation, by reporting to a manager, People and Places team, Legal or E&C, or via our third-party-managed Integrity Helpline. Following a report, our E&C team oversees an appropriate investigation, the results of which are communicated to the Audit Committee.

Click here for more information on our Code of Ethics and Business Conduct, Business Partner Code of Conduct, and Supplier Code of Conduct.
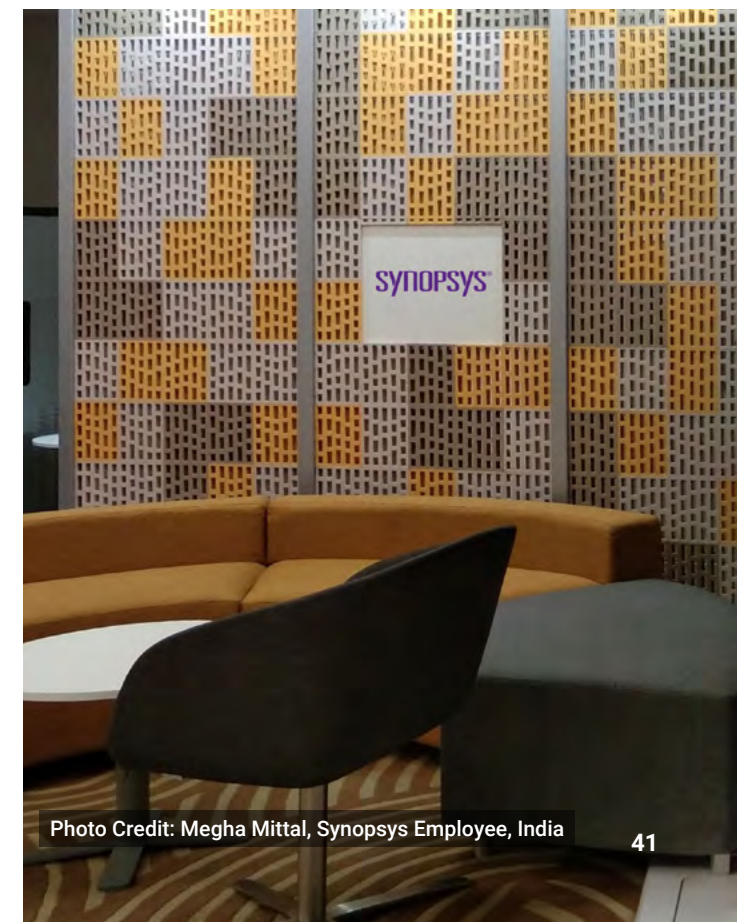

Photo Credit: Megha Mittal, Synopsys Employee, India

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Business Continuity and Resiliency

Preparedness and resiliency are essential to Synopsys' continuing ability to serve our employees, customers, and stockholders. In 2023, global conflicts and other tensions confirmed our operating resiliency and ability to respond to geopolitical events and shifting legal and trade compliance requirements.

To maintain Synopsys' resiliency, we refresh our business continuity plans annually, maturing and testing their ability to perform during scenario-based events such as economic or geopolitical crises, public health emergencies, and extreme climate events that threaten our people, offices, operations, and assets. We invest in people, technology, processes, and controls to strengthen our ability to meet evolving threats.

In 2023, we demonstrated our continuing commitment to enterprise resiliency by:

▶ Completing a control assessment as part of our ISO 22301 certification, proving the resilience of our business continuity management systems

▶ Deploying SynopsysALERT, our internal mass-notification system, and achieving over 85% employee participation in our most recent quarterly test

▶ Integrating outcomes of our annual climate risk assessments into business continuity plans

▶ Conducting a tabletop exercise with our Regional Crisis Management Team and Corporate Crisis Management Team to test our response and recovery capabilities in Asia

To meet the pace of disruption and help us manage multiple overlapping events, we are combining technology, analytics, and AI to elevate Synopsys' resilience program. These improvements will improve our ability to scan and monitor the horizon for emerging risks, identify potential disruptions, and plan mitigation scenarios. In 2024, we plan to continue refining our business continuity model to meet evolving challenges.

Learn more about our climate risk assessment work in this report's TCFD Index.

Photo Credit: Nilanjan Gogoi, Synopsys Employee, India

Cybersecurity and Privacy

Synopsys works 24-7 to manage evolving cyberthreats across our value chain—protecting our IP, helping our customers design protections into their systems and software, and maintaining the security and privacy of our partners' and employees' data. We recruit to deliver top cybersecurity talent and innovation to each challenge, across areas including threat monitoring, incident response, forensics, and investigations.

Our approach includes:

▶ An enterprise risk management program that considers cybersecurity risks in the context of our business strategy

▶ Security and privacy reviews designed to identify risks from new features, software, suppliers, and vendors

▶ A vulnerability management program designed to identify hardware and software vulnerabilities

▶ A variety of tools designed to monitor our networks, systems, and data for suspicious activity

▶ An internal red team program that simulates cyber threats, informing our ability to fix vulnerabilities before they're exploited by threat actors

▶ A threat intelligence program designed to model and research our adversaries

▶ A variety of privacy, cybersecurity, and incident response trainings and simulations

We conduct regular controlled penetration testing and annual cyber incident exercises to test the robustness of our data security protections and incident response readiness. Additionally, we leverage industry leading products and services to structure, test, and assess the rigor of our software security practices.

Our Chief Information Security Officer (CISO) oversees our cybersecurity program and chairs a cross-functional committee that spans information security, IT, product security, physical security, and legal. Our CISO has 30 years of experience in security, including for large public companies. Our CISO reports to the Board's CGN Committee

Photo Credit: Megha Mittal, Synopsys Employee, India

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biannually and the full Board at least annually on our cybersecurity performance and risk profile. These reports include updates to our data security posture, results from third-party assessments, progress towards pre-determined risk-mitigation-related goals, updates on our incident response exercises, and steps management has taken and/or proposes to take to respond to cyber risks, incidents and developments. The CGN Committee has individuals with significant experience in cybersecurity and related matters.

Synopsys' cybersecurity policies and procedures are designed to align with multiple industry-recognized frameworks including the National Institute of Standards and Technology Cyber Security Framework (NIST CSF) and the ISO/IEC 27001 Information Security Management Framework, and are assessed regularly by our internal audit department. We track our NIST CSF implementation through regular third-party maturity assessments that provide the basis for establishing performance goals for the coming period. To address the SEC's recently adopted disclosure rules around cybersecurity risk management, strategy, and governance, we have updated our Cybersecurity Incident Analysis Disclosure Controls Policy.

Synopsys maintains cyber liability insurance that covers certain liabilities related to data breaches and related incidents. Since 2015, Synopsys has experienced no material information security breaches or associated penalties/settlements, and the expenses we have incurred from cybersecurity incidents were immaterial.

Our Data Privacy Commitment

As a business-to-business company, our access to personal information is limited. Nevertheless, we are committed to strong privacy principles and transparency about our use of personal data, and we never sell personal data to third parties. Synopsys has a program in place to support compliance with privacy laws and protect the company from brand and reputational damage, and throughout 2023 we monitored the evolving global legal landscape and updated our program to account for new privacy obligations. Our document retention policies specify the periods of time after which data is to be deleted, based on country-specific rules.

Our Chief Privacy Officer is responsible for reviewing policies, procedures, contracts, services, and technology platforms designed to address evolving data privacy regulations in Europe, the U.S., Asia, and around the globe. Our Data Privacy and Protection Statement covers our entire global business enterprise, enumerates our complete data privacy principles, and is regularly reviewed and updated for compliance with relevant laws and regulations.

Photo Credit: Ritika Hans, Synopsys Employee, India

Supply Chain Engagement

Across our business ecosystem, we follow strategies, policies, and initiatives that build supply chain resiliency and reliability, mitigate risk, promote responsible supplier and partner behavior, and advance international norms and standards. All direct suppliers of inputs for our hardware products must comply with applicable laws and regulations and our Supplier Code of Conduct, which mirrors the Responsible Business Alliance (RBA) Code of Conduct standards for labor, governance, health and safety, and environmental and ethical practices.

In 2023, a facility audit through the RBA Validated Assessment Program (VAP) was conducted at Synopsys' hardware assembly and testing site in France, resulting in the implementation of minor program improvements to ensure adherence to the RBA Code.

Synopsys made our annual conflict minerals filing with the U.S. Securities and Exchange Commission (SEC) for the 2023 reporting year. We sought to survey all of our suppliers and identify high-priority suppliers. We received Conflict Minerals Reporting Template (CMRT) responses from approximately 91% of our suppliers, which account for 99% of our total spend on hardware products for this reporting year. See our website for more information.

Software Supply Chain Risk Management

Software supply chain risk management is receiving significantly increased attention from public- and private-sector organizations globally.

In the U.S., new federal procurement rules require that all software developers that sell to the federal government provide formal attestation that their software is developed in accordance with the Secure Software Development Framework (SSDF). SSDF contains specific practices covering all aspects of the software development lifecycle, including the provision of a Software Bill of Materials (SBOM) with all software deliveries. Synopsys is in the process of conducting internal assessments of our software development practices and will ensure all of our software products are compliant with the new rules when they become effective.
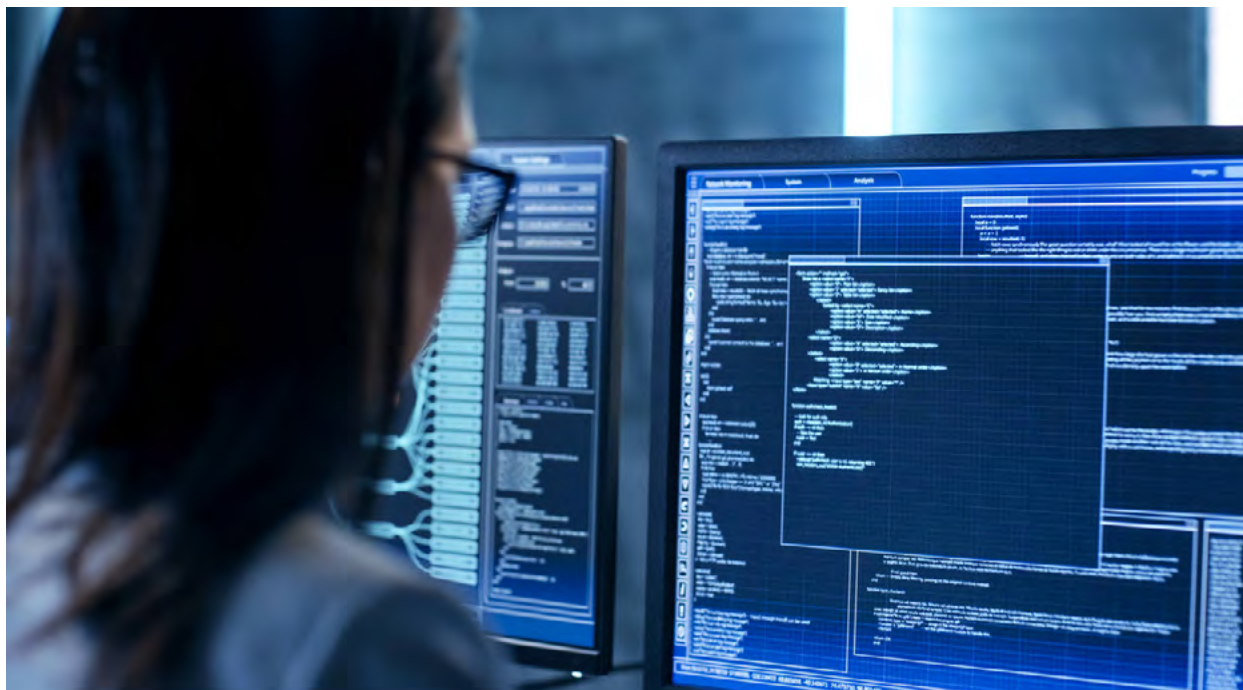
Responsible Business Alliance
Affiliate Member

Our supply chain program is underpinned by our membership in the Responsible Business Alliance, the world's largest industry coalition dedicated to responsible business conduct in global supply chains.

Political Activities and Contributions

Synopsys is committed to compliance with applicable laws, rules, and regulations, including lobbying registration and disclosure laws, ethics rules, provisions of the Foreign Corrupt Practices Act, and anti-bribery laws worldwide. In 2023, Synopsys engaged in direct advocacy with government officials on public policies relevant to the company, following applicable law and relevant internal procedures and approvals as stipulated in our Political Activities Policy. In the U.S. and abroad, we also engaged with trade and industry associations that may undertake advocacy on behalf of their members.

Synopsys may contribute periodically to local ballot initiatives in California that are consistent with our quality-of-life goals. All such contributions are disclosed on our underline.

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Appendices

Photo Credit: Nilanjan Gogoi, Synopsys Employee, India

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GHG Emissions Data Table

		FY2019 MTCO2e[1]	FY2022 MTCO2e	FY2023 MTCO2e
SCOPE 1 EMISSIONS	Fugitive Emissions (Refrigerants)	1,151	1,357	1,414
	Natural Gas Combustion	1,886	2,037	2,119
	Diesel Fuel Combustion	14	24	0
	Mobile Emissions	694	182	164
	TOTAL SCOPE 1	**3,745**	**3,600**	**3,697**
SCOPE 2 EMISSIONS (PURCHASED ELECTRICITY)	Offices	18,296	13,803	10,136
	Colocated Data Centers	11,715	16,922	19,700
	TOTAL SCOPE 2 (MARKET)	**30,011**	**30,725**	**29,836**
SCOPE 3 EMISSIONS[2]	Purchased Goods and Services	59,667	102,339	89,560
	Capital Goods	58,710	19,036	51,975
	Fuel and Energy Related Activities	8,639	8,082	12,259
	Upstream Transportation & Distribution	1,742	3,302	3,376
	Operational Waste	538	3,060	2,831
	Business Travel	19,176	13,789	20,441
	Employee Commute	28,102	17,256	27,329
	Upstream Leased Assets	Not calculated	23	2,142
	Use of Sold Products	25,698	28,430	37,757
	End-of-Life of Sold Products	6	11	14
	Downstream Leased Assets	1,135	4,776	1,478
	Investments	Not calculated	2,850	315
	TOTAL REPORTED SCOPE 3	**203,413**	**202,954**	**249,477**
TOTAL REPORTED EMISSIONS		**237,169**	**237,279**	**283,010**

The data used in calculating GHG emissions are subject to measurement uncertainties due to inherent limitations based on the nature and methods used. The GHG Protocol allows for multiple measurement methodologies which could result in materially different emission values. For more information see our FY 2023 Statement of Greenhouse Gas Emissions. We will continue to update our methodologies for calculating GHG emissions based on emerging best practices.

[1] FY2019 data is in reference to Synopsys' SBTi baseline year.

[2] The categories of Processing of Sold Product and Franchises are not applicable to our business and are not included in our Scope 3 inventory.

Diversity Metrics Data Table

Diversity Metrics

Race and Ethnicity Representation (U.S.)

		Asian	White	Hispanic or Latino	Black or African American	Other[1]	Undisclosed
Overall	2021	51%	41%	3%	1%	2%	2%
	2022	50%	40%	4%	2%	1%	3%
	2023	**52%**	**38%**	**4%**	**2%**	**1%**	**3%**
Technical	2021	58%	36%	2%	1%	1%	2%
	2022	57%	35%	3%	1%	1%	3%
	2023	**59%**	**33%**	**3%**	**1%**	**1%**	**3%**
Non-technical	2021	25%	61%	7%	3%	2%	2%
	2022	26%	58%	7%	3%	2%	4%
	2023	**27%**	**55%**	**8%**	**3%**	**3%**	**4%**
People managers	2021	50%	44%	3%	1%	<1%	2%
	2022	50%	42%	3%	1%	1%	3%
	2023	**50%**	**41%**	**3%**	**1%**	**1%**	**4%**
Senior level positions[2]	2021	51%	42%	2%	1%	1%	3%
	2022	52%	40%	3%	1%	1%	3%
	2023	**53%**	**39%**	**2%**	**1%**	**1%**	**4%**

[1] "Other" is defined as American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races.

[2] Senior level positions include employees designated in the human resource management system as grade 69 and above, these positions include professionals with deep expertise in their functional areas with titles of senior staff, senior managers and above.

Diversity Metrics

Gender Representation (Global)

		Men	Women	Undisclosed
Overall	2021	76%	24%	<1%
	2022	75%	25%	<1%
	2023	**75%**	**25%**	**<1%**
Technical	2021	79%	21%	<1%
	2022	78%	22%	<1%
	2023	**77%**	**23%**	**<1%**
Non-technical	2021	54%	46%	<1%
	2022	52%	48%	0%
	2023	**55%**	**45%**	**<1%**
People managers	2021	83%	17%	<1%
	2022	82%	18%	<1%
	2023	**81%**	**19%**	**<1%**
Senior level positions[1]	2021	88%	12%	<1%
	2022	88%	12%	<1%
	2023	**87%**	**13%**	**<1%**

[1] Senior level positions include employees designated in the human resource management system as grade 69 and above, these positions include professionals with deep expertise in their functional areas with titles of senior staff, senior managers and above.

TCFD Index

The table below addresses the recommendations of the Task Force on Climate-related Financial Disclosures. Synopsys maintains that the climate risks outlined below do not have a material impact on our financial performance and operational results.

Governance

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Describe the board's oversight of climate-related risks and opportunities	The Synopsys Board of Directors oversees risk management at Synopsys and executes its oversight responsibility directly and through its committees. The Corporate Governance and Nominating (CGN) Committee of the Synopsys Board of Directors has direct oversight of Environment, Social, and Governance ("ESG Matters"), the scope of which includes climate-related issues. As stated in its publicly available charter, the CGN Committee is responsible for reviewing, assessing, reporting, and recommending to the Board as necessary, policies, practices, priority and risk assessments, risk management, initiatives, goals, progress toward goals, and public disclosures relating to ESG Matters, except to the extent delegated to other committees of the Board. The CGN Committee coordinates with other committees of the Board to oversee ESG Matters, including Synopsys' reporting, legal, and regulatory requirements with respect to ESG Matters as and when appropriate. The CGN Committee receives updates from the ESG Leadership Committee, led by Synopsys' SVP and Deputy General Counsel.	CDP Report (C1.1b)
Describe management's role in assessing and managing climate-related risks and opportunities	The Synopsys Environment, Social, and Governance (ESG) Management Team is responsible for our ESG strategy and goals, which includes assessing, monitoring, and managing climate-related risks and opportunities. The ESG Management Team is made up of senior leaders in Legal and Corporate Affairs. The ESG Leadership Committee includes executives from across our business who are tasked with driving Synopsys' ESG performance and ensuring the implementation of our Smart Future strategy in their respective areas of responsibility. Members of the ESG Leadership Committee participate in the climate-related risk and opportunity assessment of business activities and strategies. They also help inform the climate-related aspects of our ESG strategy and roadmap, including stakeholder engagement, metrics and disclosures, and special projects.	CDP Report (C1.2, C1.2a)

Strategy

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	In 2022, we completed a climate-related risk and opportunity assessment of the potential relevance and significance of the following climate-related risk and opportunity drivers applicable to our business over short (0–2 years), medium (2–5 years), and long (5+ years) time horizons. In 2023, we completed a refresh to the climate-related risk and opportunity assessment by updating the language to be more tailored to our company and by reassessing risks and opportunities as necessary.	CDP Report (C2.1a, C2.3, C2.3a, C2.4, C2.4a)

Risk Category	Description	Timeframe
Acute Physical	Increasing frequency/severity of climate-driven events (e.g., floods, wildfires, heatwaves, power interruptions) and potential disruption of operational and supply chain activities.	Short–long term
Chronic Physical	While our direct operations are not water intensive, chronic physical changes including changing precipitation patterns and water scarcity could impact our supply chain, potentially leading to increased costs to secure key materials and/or manufacture our hardware products.	Medium–long term
Transitional – Regulatory/Legal	Regulatory: Failure to meet regulatory and investor reporting and disclosure requirements leads to fines and negative investor ratings. Legal: While we are not in a highly carbon intensive sector, we could potentially face legal risk—for example, associated with inaccurate GHG emissions reporting and/or other climate related expenses and disclosures. Further, statements about our climate initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change.	Short–long term
Transitional – Policy	Escalating energy and carbon costs increase supply chain costs and impair profitability.	Medium–long term
Transitional – Reputational	Potential implications for attracting and retaining talent, customers, and investment; lack of comprehensive climate strategies could impact our attractiveness to customers, investors, and talent, reflecting on our commitment to climate risk management.	Short–long term

Strategy

Recommendations	Disclosure/Links to More Information				2023 CDP Reference
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term (continued)	**Opportunity Category**	**Description**		**Timeframe**	CDP Report (C2.1a, C2.3, C2.3a, C2.4, C2.4a) (continued)
	Resilience	Potential to increase resilience through incorporation of climate scenarios into business resiliency planning.		Short–long term	
	Products/Services/Market	Drivers for the low-carbon economy transition to stimulate increased demand for Synopsys' products.		Medium–long term	
	Resource Efficiency	Opportunities to hedge against future increases in fossil fuel costs driven by carbon pricing and other factors through investments in energy efficiency.		Medium–long term	
Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	In 2023 we had our science-based targets validated by the Science Based Targets initiative (SBTi), supporting our customers' mission for a low carbon supply chain. Also, in 2022 we began to realize the economic and carbon free benefits of our VPPA, a 12 year commitment to a windfarm in west Texas. Annually, we assess our risks and opportunities against the TCFD framework. As such, we have not identified any physical or transitional climate risks as having a high risk or material impact on our business, strategy, or financial planning. However, acute physical risks such as severe storms may cause business disruptions, impacting our hardware and digital supply chain operations. These disruptions are factored into our financial planning as well as our business continuity and disaster recovery programs. This includes related measures such as the maintenance of buffer stock for component parts and finished goods. Synopsys relies on third-party contract manufacturers to assemble our hardware products, such as the ZeBu Emulation system. Several of these manufacturers as well as their component and raw material suppliers are in regions, such as Southeast Asia and Northern Europe, that are vulnerable to increasing extreme weather events which can result in flooding and other impacts. Disruption to supplier operations can result in delays to production lasting from several days to several months depending on the severity of the event. For our hardware supply chain function, we maintain a buffer stock of product and key components to support six months of supplier disruption. Additionally, where possible, we maintain two sources for parts and contract manufacturers in different geographies in an effort to not be impacted by the same disruption event. These strategies have helped us to avoid significant product supply disruption due to severe weather events. Additionally, as a technology company, we see great opportunity related to the development of low power products and solutions for chip design that optimize performance per watt. Future applications from AI to smart devices depend on silicon chips running faster, scaling down to smaller node sizes, integrating more capabilities, and processing more data—all while consuming less power. Synopsys has more than 25 years of Low Power Design and Verification technology leadership and has contributed extensive technical input to industry groups advancing standards on this topic. This broader opportunity is strategically relevant to our research and development investments and financial planning.				CDP Report (C2.3a, C2.4a, C3.1, C3.3, C3.4)

Strategy

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario	For transitional risk, we completed a carbon pricing scenario analysis to review potential implications for our operating costs. Our operating model means that we lease the majority of our office and data center space from third-party landlords and collocated data center vendors, with limited-term leases and service agreements. This enables us to be flexible and responsive to the changing climate and means that our exposure to the financial and strategic implications of climate change for property asset maintenance, repair and upgrade costs, and property valuation is minimal. Additionally, the implementation of effective work-from-anywhere strategies has increased our ability to be adaptable and resilient in the face of physical climate change. For transitional risk, we examined the potential operating cost impacts of various future carbon price scenarios. Under a worst-case scenario (Divergent Net Zero, suppliers pass through 100% of cost to Synopsys), our carbon pricing analysis indicates maximum average additional operating costs between 2025 and 2040 to be approximately 3% of Synopsys' 2021 total operating costs. These directional estimated costs serve to support the business case to invest in emissions reduction initiatives across our value chain, which reduces our exposure to mandatory carbon pricing. Additionally, we are working to increase our resiliency to future carbon pricing of fossil fuels by placing an internal cost on carbon through our carbon neutrality program, thereby improving the net present value of internal efficiency and emissions reduction projects. We are also reducing our reliance on fossil-fuel-based electricity—for example, through our participation in one of the largest aggregated virtual renewable power purchase agreements to date, as described in the Environment chapter. For the scenario analysis, Synopsys considered the potential implications of carbon pricing policies for our direct operations (Scope 1 and 2) and upstream (Scope 3) activities. Four alternative carbon price scenarios were evaluated for the periods 2025–2030 and 2031–2040. The carbon price scenarios (2C orderly, 2C disorderly, 1.5 orderly, and 1.5 disorderly) were drawn from NGFS (Network for Greening the Financial System) data. The analysis assumes that emissions stay flat between 2020 and 2040 and that suppliers pass through 100% of the cost they incur due to carbon prices.	CDP Report (C3.2, C3.2a, C3.2b)

Risk Management

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Describe the organization's processes for identifying and assessing climate-related risks	We identify and assess potential climate-related risks and opportunities regularly. Working with an expert consulting partner, we research and update potentially relevant risks and opportunities and perform assessments of them using impact and likelihood criteria. As part of our climate risk and opportunity assessment update, we convene a working group of risk and opportunity "owners," which are functional leaders with responsibilities across our value chain, including corporate functions, operations, supply chain (upstream), and products (downstream). Using the framework outlined below, the assessment considers: Inherent Risk/Opportunity Rating: • Likelihood: The frequency and/or probability of events/impacts arising in the next five years (short/medium term) or ten years (long term) • Impact: Implications for revenue, operating costs, business continuity, safety, reputation, compliance Residual Risk/Opportunity Rating (adjustment of inherent rating taking into consideration): • Preparedness: How prepared (i.e., on track, plans in process, needs improvement) management is to effectively mitigate the risk or realize the opportunity, taking into consideration both active and developing plans High-rated residual risks and opportunities are those we focus on by using additional investments to mitigate, accept, or transfer the risks, or to realize opportunities. For medium-rated risks and opportunities, we maintain or enhance current programs and plans, and monitor for changes in risk profile. For low-rated risks and opportunities, we maintain existing programs and periodically re-evaluate the risk/opportunity rating.	CDP Report (C2.1, C2.2, C2.2a)

Describe the organization's processes for managing climate-related risks	Based on the individual risks, we consider strategies to mitigate, accept, or transfer physical climate-related risks. Strategies include:
	 • Mitigation measures to reduce the impact of physical climate change:
	  - Our business continuity and disaster recovery program helps us maintain readiness for extreme events.
	  - From an IT operations standpoint, we have a high degree of data center redundancy for our revenue services and continue migrating from on-premise locations to a more resilient colocation strategy.
	  - We maintain buffer inventories of parts and finished goods within our hardware product supply chain.
	  - We provide financial support to organizations working on climate adaptation measures and habitat restoration..
	 • Mitigation measures to reduce transitional risks associated with our energy use and GHG emissions footprint:
	  - Setting science-based reduction targets for Scope 1 and 2, and Scope 3 GHG emissions reduction that were validated by the SBTi in 2023, and progressing initiatives to deliver the targets.
	  - Investing in renewable energy, including a long term VPPA, which helped finance the development and construction of the Azure Sky hybrid wind project. Under the 12-year agreement, we have contracted 15 megawatts of wind generation capacity, which represents approximately 50% of our North American electricity demand.
	  - Energy efficiency projects including LEED-certified office space.
	  - We ask new vendors to disclose their GHG emissions and identify if they have set GHG reduction targets in-line with climate science, as a step towards decarbonizing and mitigating climate risks in our supply chain.
		CDP Report (C2.1, C2.2)

Risk Management

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The results of our climate-related risk and opportunity assessment, led by the ESG Management Team with cross-functional engagement, are considered in Synopsys' company-wide risk prioritization process, which includes climate change, and is reported to the Board of Directors.	CDP Report (C2.1, C2.2)

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Metrics and Targets

Recommendations	Disclosure/Links to More Information	2023 CDP Reference
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Metrics we use to help us understand our exposure to climate-related risks and opportunities include: • Scope 1 and 2, and Scope 3 GHG emissions reduction and progress toward our SBTi validated targets • Annual costs to realize our CarbonNeutral® company certification[1] • Financial savings/returns from power purchase agreements • Volume of customer and investor requests for information about our corporate climate strategies and performance, and evolving stakeholder expectations in this area • ESG ratings and rankings that include climate risk management indicators We have also added language to our data center provider agreements detailing our commitment to renewable energy, and will track the financial performance of our VPPA "contract for differences" over time, which will inform our future renewables investment strategies.	
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Our Scope 1, Scope 2, and Scope 3 emissions are reported in the GHG Emissions Data Table and in our 2023 CDP Climate Change response. Risks related to our emissions footprint include the potential for policy-driven carbon price increases, resulting in higher expectations from stakeholders (e.g., regulators, employees, customers, and investors) for climate disclosures and impact reduction. We have assessed these risks as having a low residual risk rating based on the programs we have in place to manage the risks and reduce our footprint over time.	CDP Report (C6.1, C6.3, C6.5)
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Synopsys is committed to being a part of the transition to a lower-carbon economy. In 2023, our emissions reduction targets were validated by the Science Based Targets initiative. Our validated targets are to: • Reduce absolute Scope 1 and 2 GHG emissions 55% by 2032 from a 2019 base year • Reduce Scope 3 GHG emissions from employee commuting and business travel 62% per employee by 2032 from a 2019 base year • Reduce Scope 3 GHG emissions from use of sold products 62% (per lifetime verification task) by 2032 from a 2019 base year • 45% of our suppliers (by spend) for purchased goods and services and capital goods will have their own science-based targets by 2027 Progress towards our targets is reported in the SBTi Progress section of our report. Synopsys has an ongoing initiative to reduce our global data center footprint through a strategy of optimization, consolidation, and decarbonization. Based on our current plans, by 2024 our efforts will have transitioned 1.58 MW of data processing capacity to assets and colocation providers that are both more energy efficient and located in regions with less carbon-intensive grids.	CDP Report (C4.1, C4.1a, C4.2)

[1] The purchase of EACs and offsets specifically for the CarbonNeutral® company certification
are not accounted for in our emissions inventory, including progress toward our emissions reduction target.

SASB, GRI, UN SDGs Data Table

This table covers disclosures that may be found in our 2023 ESG Report, SEC filings, and company website and covers the following frameworks:

1. Sustainability Accounting Standards Board (SASB) Standard for the Software & Information Technology (IT) Services industry. We do not currently disclose all metrics included in the Standard for our sector, but we intend to continue to evaluate them in the future.

2. 2021 Global Reporting Initiative (GRI) Sustainability Reporting Standards. We report with reference to the standards.

3. United Nations Sustainable Development Goals (SDGs). We support the SDGs universal call to action to end poverty, protect the planet, and improve the lives and prospects of everyone around the globe. We align with seven SDGs.

Unless otherwise noted, all data and descriptions apply to our entire company and are for the fiscal year ending October 31, 2023.

SUSTAINABLE DEVELOPMENT GOALS

| 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

Photo Credit: Gayane Markosyan, Synopsys Employee, Armenia

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Company Overview

Description	Response	SASB	GRI	UN SDG
Organizational Details	Synopsys, Inc. (NASDAQ: SNPS) is incorporated in Delaware, in the United States. Our headquarters address is 675 Almanor Avenue, Sunnyvale, CA 94085. For the locations of our operations, see Countries/Regions. For further information, see Synopsys' Annual Report on Form 10-K for fiscal year ended October 31, 2023.	–	2-1	–
Entities included in the organization's sustainability reporting	Regions where Synopsys operates and that are relevant to the topics covered in this report are: the Americas, Europe and the Middle East, Asia Pacific, and Japan. Find more information on our locations here. Operations data in this report also includes majority-owned subsidiaries.	–	2-2	–
Reporting period, frequency, and contact point	About This Report The Synopsys 2023 Environmental, Social, and Governance Report covers our performance for our fiscal year 2023, which began on November 1, 2022, and ended on October 31, 2023. The exception is our social impact data (calendar year 2023), and as otherwise noted. esg@synopsys.com	–	2-3	–
Restatements of information	Emissions data has been updated from prior publications to reflect improved measurement methods and enhanced data quality.	–	2-4	–
External assurance	We received external limited assurance on the following ESG data: • FY 2023 GHG Emissions Scope 1 and 2, certain Scope 3 categories 1, 2, 4, 6, 7, 11 • FY 2023 Diversity Metrics See Synopsys' Statement of Greenhouse Gas Emissions and Statement of Diversity Metrics with independent accountants' review reports thereon.	–	2-5	–
Activities, value chain, and other business relationships	Synopsys made no significant changes to the organization's size, structure, or supply chain in 2023. For additional information, see Synopsys' Annual Report on Form 10-K for fiscal year ended October 31, 2023.	–	2-6	–

Environment

Description	Response	SASB	GRI	UN SDG
Environmental Footprint of Hardware Infrastructure:				
(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	1) 270,518 GJ 2) 100% 3) 54%	TC-SI-130a.1		7.2, 13.1
(1) Total water withdrawn (2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	We do not currently calculate total water withdrawals as it is not considered a priority topic for our business.	TC-SI-130a.2		–
Discussion of the integration of environmental considerations into strategic planning for data center needs	Environment: Prioritizing Data Center Efficiency	TC-SI-130a.3		9.4
Energy consumption within the organization (GJ)	Fuel: 54,522 GJ Electricity: 484,686 GJ Total Energy: 539,207 GJ	–	302-1	–
Energy consumption outside of the organization (GJ)	379,083 GJ The following scope 3 sources have been included: Car travel, Employee commute, and Product transport.	–	302-2	–
Reduction of energy consumption (GJ)	Approximately 62,469 GJ	–	302-4	–
Direct (Scope 1) GHG emissions	GHG Emissions Data Table 3,697 MTCO2e	–	305-1	–
Energy indirect (Scope 2) GHG emissions	GHG Emissions Data Table Location-based: 46,457 MTCO2e Market-based: 29,836 MTCO2e	–	305-2	–
Other indirect (Scope 3) GHG emissions	GHG Emissions DataTable 249,477 MTCO2e All Scope 3 emissions categories are included except Processing of Sold Product and Franchises, as they are not applicable to our business.	–	305-3	–
Reduction of GHG emissions (MTCO2e)	In 2023, approximately 792 MTCO2e of GHG emissions were reduced as a direct result of reduction initiatives of Scope 1 and 2 emissions.	–	305-5	–

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Social

Description	Response	SASB	GRI	UN SDG
Employees	2023 by the Numbers	–	2-7	–
New employee hires and employee turnover	In fiscal 2023, we increased our employee headcount by approximately 7%. As of our fiscal 2023 year-end, our undesired turnover rate was 2.7%. *We calculate undesired turnover rate by dividing the number of undesired exits from Synopsys by the average headcount for fiscal 2023, and we define undesired turnover as exits by high-performing employees who resigned from Synopsys (or its subsidiaries) to pursue other work opportunities. Undesired turnover does not include employees with low performance, mutual resignations, or resignations due to personal reasons (e.g., retirement or returning to school).*	–	401-1	–
Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social: Total Rewards See our Benefits website for additional information related to employee benefits.	–	401-2	5.4
Occupational health and safety management system	Synopsys has implemented an Occupational Health & Safety Management System that enables safe and healthy workplaces globally. We are committed to the health and safety of Synopsys employees, contractors, and visitors through the establishment of policies and standards that emphasize proactive recognition and control of hazards, emergency response procedures, comprehensive safety training, and global health and safety regulatory compliance.	–	403-1	–
Promotion of worker health	Social: Total Rewards Social: Occupational Health and Safety	–	403-6	–
Average hours of training per year per employee	Social: Training and Development In 2023, 13,242 employees accessed learning through our digital learning platform.	–	404-1	4.4
Programs for upgrading employee skills and transition assistance programs	Social: Training and Development By the end of 2023, 86% of Synopsys people managers had completed our live Inclusive Leader training.	–	404-2	4.4
Percentage of employees receiving regular performance and career development reviews	Approximately 98% of employees completed a performance review during the reporting period.	–	404-3	–

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Social

Description	Response	SASB	GRI	UN SDG
Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees, and (d) all other employees	Diversity Metrics Data Table, excludes 405-1b(ii), Age Group Governance: Board Snapshot	TC-SI-330a.3	405-1	–
Ratio of basic salary and remuneration of women to men	Social: Fostering an Inclusive Culture In 2023, women at Synopsys earned an average of $0.99 for every $1 men earned in the same position and location, and U.S. Black, Hispanic and Latinx, and Indigenous employees earned an average of $1.01 for every $1 earned by white employees.	–	405-2	5.5, 8
Employee engagement as a percentage	Our May 2023 engagement score was 82, which is above average against our industry benchmark. Scores for "I would recommend Synopsys as a great place to work" were strong at 89%. *Engagement at Synopsys is calculated from the average responses to the following question and statement: (1) How happy are you working at Synopsys? and (2) I would recommend Synopsys as a great place to work.*	TC-SI-330a.2		8

Governance

Description	Response	SASB	GRI	UN SDG
Governance structure and composition	Governance: Corporate Governance For a comprehensive description of Synopsys' corporate governance practices, please refer to our most recent Proxy Statement and Annual Report on Form 10-K or visit our Corporate Governance & Ethics website.	–	2-9	–
Nomination and selection of the highest governance body	To learn more about Synopsys' process for nominating and selecting members of our highest governance body, see our most recent Proxy Statement.	–	2-10	–
Chair of the highest governance body	To learn more about the composition of Synopsys' highest governance body and its committees, visit our Corporate Governance & Ethics website.	–	2-11	–
Role of the highest governance body in overseeing the management of impacts	ESG at Synopsys: How We Manage ESG Synopsys' Corporate Governance and Nominating (CGN) Committee of the Board of Directors has responsibility for oversight of ESG matters, including risk assessment and management related to ESG. See our Corporate Governance and Nominating Committee Charter.	–	2-12	–
Delegation of responsibility for managing impacts	ESG at Synopsys: How We Manage ESG Synopsys' CGN Committee of the Board of Directors has responsibility for oversight of ESG matters, including risk assessment and management related to ESG. The CGN Committee delegates responsibility for managing ESG-related impacts to our ESG Management Team with the support of the ESG Leadership Committee. The ESG Management Team is made up of senior leaders in the Legal ESG team. The ESG Leadership Committee is comprised of senior leaders representing Finance, Global Marketing and Communications, Hardware Operations, Information Technology, Investor Relations, Legal, People and Places, Product Marketing, Safety and Resiliency, and Social Impact. It is responsible for driving ESG performance for Synopsys and in their respective areas of responsibility. See our Corporate Governance and Nominating Committee Charter.	–	2-13	–
Role of the highest governance body in sustainability reporting	ESG at Synopsys: How We Manage ESG Synopsys' CGN Committee of the Board of Directors has responsibility for oversight of ESG matters, including sustainability reporting. See our Corporate Governance and Nominating Committee Charter.	–	2-14	–
Conflicts of interest	Governance: Integrity, Ethics, and Business Conduct To learn more about Synopsys' practices to avoid conflicts of interest, see our Code of Ethics and Business Conduct.	–	2-15	–

Governance

Description	Response	SASB	GRI	UN SDG
Communication of critical concerns	Synopsys stakeholders are expected to promptly speak up if they believe Synopsys personnel or a Synopsys supplier, vendor, or channel partner is engaging in misconduct. To learn more about Synopsys' practices to encourage communication of critical concerns, see our Code of Ethics and Business Conduct, page 8.	–	2-16	–
Collective knowledge of the highest governance body	To learn more about Synopsys' highest governance body members and previous experience and expertise, see our most recent Proxy Statement.	–	2-17	–
Evaluation of the performance of the highest governance body	To learn more about the performance evaluation of Synopsys' highest governance body, see our most recent Proxy Statement.	–	2-18	–
Remuneration policies	To learn more about Synopsys' remuneration policies, see our most recent Proxy Statement.	–	2-19	–
Process to determine remuneration	To learn more about Synopsys' remuneration processes, see our most recent Proxy Statement.	–	2-20	–
Annual total compensation ratio	To learn more about Synopsys' annual total compensation ratio, see our most recent Proxy Statement.	–	2-21	–
Statement on sustainable development strategy	CEO Letter	–	2-22	–
Policy commitments	Governance: Policies and Statements. Our precautionary approach is reflected in our Smart Future strategy and approach and our Enterprise Risk Management framework. The Synopsys Code of Ethics and Business Conduct is a roadmap that guides the behaviors and actions of our workforce across the globe in accordance with our core values, high ethical standards, and legal obligations. For a complete description of Synopsys' corporate governance practices, please refer to our Annual Report on Form 10-K or visit our Corporate Governance & Ethics website.	–	2-23	16.5
Mechanisms for seeking advice and raising concerns	Governance: Integrity, Ethics, and Business Conduct. Synopsys stakeholders are expected to promptly speak up if they believe Synopsys personnel or a Synopsys supplier, vendor, or channel partner is engaging in misconduct. To learn more about Synopsys' mechanisms for seeking advice and raising concerns, see our Code of Ethics and Business Conduct, page 8.	–	2-26	16.5
Compliance with laws and regulations	No significant fines or non-monetary sanctions for non-compliance occurred during this reporting period. We consider significant fines to be those that are required to be disclosed in the company's Securities and Exchange Commission (SEC) filings.	–	2-27	

Governance

Description	Response	SASB	GRI	UN SDG
Membership associations	Synopsys is a member of the following associations related to ESG: • Responsible Business Alliance (RBA) • Clean Energy Buyers Association (CEBA) • Semiconductor Climate Consortium	–	2-28	–
Approach to stakeholder engagement	ESG at Synopsys: Engaging Key Stakeholders	–	2-29	–
Process to determine material topics	ESG at Synopsys: Materiality Assessment and Priority Topic Areas We determined the focus of this report by reviewing our most recent ESG priority assessment outcomes and through ongoing engagement with our ESG Leadership Committee, our employees, and key external stakeholders such as our customers and investors.	–	3-1	–
List of material topics	ESG at Synopsys: Materiality Assessment and Priority Topic Areas • Human Capital Management (Talent Management, Employee Engagement, Inclusion and Diversity, Health and Wellness) • Innovation • Cybersecurity and Data Privacy • Product Security • Market Access • Crisis Management and Business Continuity • Climate Change and GHG Emissions • Corporate Governance • Ethics • Supply Chain • Public Policy • Social Impact There were no significant changes to the list of material topics compared to the previous reporting period.	–	3-2	–
Management of material topics	Governance: Corporate Governance	–	3-3	–

Governance

Description	Response	SASB	GRI	UN SDG
Operations assessed for risks related to corruption	Internal Audit and our Ethics and Compliance Team collaborate to assess Synopsys' operations for corruption risks. These assessments include general evaluations of our anti-bribery and anti-corruption compliance program's design and implementation, and substantive testing to evaluate the program's effectiveness. We also deploy culture surveys in targeted locations to obtain employee input on what they are seeing and experiencing, and to whom they are reporting concerns.	–	205-1	–
Communication and training about anti-corruption policies and procedures	Governance: Integrity, Ethics, and Business Conduct From our Board members to our management, employees, and contractors, everyone at Synopsys is required to read, understand, and abide by our Code of Ethics and Business Conduct, affirming their commitment to act with integrity. Employees attest to this requirement at hiring, and also annually through mandatory company-wide training on integrity topics during our annual Integrity Awareness Month.	–	205-2	–
Legal actions for anti-competitive behavior, antitrust, and monopoly practices	No legal actions were pending or completed during the reporting period regarding anti-competitive behavior or violations of antitrust or monopoly legislation.	–	206-1	–
New suppliers that were screened using environmental criteria	All new suppliers are required to complete and return the New Vendor Questionnaire (NVQ), which addresses topics including GHG emissions, conflict minerals, cybersecurity, and data privacy practices. In 2023, approximately 1,200 vendors completed the NVQ questionnaire.	–	308-1	–
New suppliers that were screened using social criteria	All new suppliers are required to complete and return the New Vendor Questionnaire (NVQ), which addresses topics including GHG emissions, conflict minerals, cybersecurity, and data privacy practices. In addition, through our Conflict Minerals Due Diligence process for FY23, we received responses from approximately 91% of our suppliers, which account for 99% of our total spend on hardware products for this reporting year.	–	414-1	16.b
Political contributions	Governance: Political Activities and Contributions See Synopsys' Political Activities Policy	–	415	–
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Since 2015, Synopsys has experienced no material information security breaches. Data breaches that may result in a material adverse effect on Synopsys' financial position or the business would be disclosed in our public filings with the SEC.	–	418-1	–
Description of policies and practices relating to targeted advertising and user privacy	Governance: Cybersecurity and Privacy See Synopsys Data Privacy and Protection Statement	TC-SI-220a.1	–	–

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Governance

Description	Response	SASB	GRI	UN SDG
Number of users whose information is used for secondary purposes	Synopsys does not use personal information for secondary purposes and uses information only for the reasons we give when we collect the data.	TC-SI-220a.2	–	–
Total amount of monetary losses as a result of legal proceedings associated with user privacy	In FY23, we had zero monetary losses as a result of legal proceedings associated with user privacy that required disclosure in our public Securities and Exchange Commission (SEC) filings.	TC-SI-220a.3	–	–
(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of users affected	Since 2015, Synopsys has experienced no material information security breaches.	TC-SI-230a.1	–	–
Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Governance: Cybersecurity and Privacy	TC-SI-230a.2	–	–
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	No legal actions were pending or completed during the reporting period regarding anti-competitive behavior or violations of antitrust or monopoly legislation.	TC-SI-520a.1	–	16.5
Number of (1) performance issues, (2) service disruptions and (3) total customer downtime	In 2023, Synopsys did not experience any technology incident that caused a material disruption to our business or to our customers. Synopsys actively monitors the availability and performance of our technology infrastructure.	TC-SI-550a.1	–	–
Description of business continuity risks related to disruptions of operations	Governance: Business Continuity and Resiliency	TC-SI-550a.2	–	–

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