



# Future Forward

## 2021 ESG Executive Summary



12-MONTH PERIOD ENDING DECEMBER 31, 2021

PUBLICATION DATE: JUNE 2022

# Message from Our CEO and Chair of the Board

There is no doubt 2021 was an inflection point for many the world over. New challenges arose as we witnessed political turmoil and severe weather events that highlighted our responsibility to humanity and to the planet – all against the backdrop of the continuing pandemic.

Despite these challenges, we remain resolute in our belief that technology's advancement offers the potential to bend our era to the significant benefit of humanity and the planet, if we have the vision and willpower to make it so.

Recent years have seen businesses large and small recognize that they have responsibility to many stakeholders – employees, customers, investors, the communities in which they operate, and beyond. At ADI we have long held the belief that we can and should be a force for positive change in the world. Now nearly 25,000 employees strong, our acquisition of Maxim Integrated gives us the opportunity to take an even stronger leadership position in driving the changes that must take place to create a better society and a healthier planet.



At ADI we have long held the belief that we can and should be a force for positive change in the world.”

Environment, Social, and Governance (ESG) principles are at the heart of everything we do, but not just because we believe it's the morally right thing to do. Put simply, ESG is smart business. The efforts we take across ADI to operate with integrity, preserve the environment, slow down and remediate climate change, and inject greater diversity, equity, and inclusion, both within our leadership and workforce, are key to our long-term growth and profitability.

We rigorously pursue profitable growth, but do so with a focus on delivering positive impact to the world:

- ADI solutions, for example, are shaping the future of healthcare and enabling greater, more equitable access. Our innovative technology and systems expertise is found in everything from precision instruments that measure vital signs, to superior imaging and ultrasound applications, to wearables that aid consumers in disease management and wellness.
- As manufacturing becomes increasingly automated and autonomous, ADI's history of industrial expertise and advanced technologies is enabling humans and robots to work together productively and safely in flexible manufacturing environments.
- Our products make it possible for end users to consume less energy and emit fewer greenhouse gases. Electric vehicles that are key to a green transportation revolution rely on ADI semiconductors to safely optimize and extend battery performance and life cycles.



At ADI we firmly believe that we do well financially by doing good in the world. We recognize, however, that strong growth comes at a cost and so we pursue sustainable operations with the same zeal with which we pursue growth. We have worked tirelessly to maintain and enhance supply chain resilience in response to record semiconductor demand, and I'm proud to say that despite dramatically increased production, as well as our acquisition of Maxim Integrated, our progress against our climate, water, and waste goals has remained largely level from 2019 through 2021.

In 2021, we set goals to become carbon neutral by 2030 and achieve net zero emissions by 2050 or sooner, and we joined the U.N. Global Compact's Business Ambition for 1.5°C. More than just goals, we made their achievement a senior executive initiative and began developing the plans and necessary milestones to ensure we make progress every year.



For the past fifty-seven years, ADI has pushed the edges of innovation in the relentless pursuit of creating positive economic and social impact."

For example, we recycled 23 percent of the water we used in 2021 and have set a goal to increase that proportion to 50 percent in 2025. Similarly, 39 percent of the energy used at our manufacturing sites came from renewables last year and we intend to increase that to 100 percent by 2025.

In addition to our environmental initiatives, diversity within our workforce and Board of Directors remains a priority. We named a dedicated Director of People and Culture in 2021 to drive the Company's Diversity, Equity, and Inclusion program. We remain focused on increasing diversity within our Board as well. Last year, female representation rose to one-third and ethnic diversity increased to 25 percent among our members. We still have work to do in terms of diversity overall, to be sure, but we are making significant progress. I am committed to this effort, as is our Board and ADI's entire leadership team, again, not just because it is the right thing to do, but because better diversity leads to better outcomes.

In terms of governance, the majority of our directors are independent, and the average tenure of our independent directors is seven years, ensuring both objective perspective, continuity and deep institutional knowledge. The Board is also engaged in actively managing talent and overseeing long-term succession planning for our executives. Finally, as of August 2021, our new Chief Risk Officer provides regular reports to the Board's Audit Committee and full Board for key risk, governance, and compliance topics.

I am proud of our ESG accomplishments and how our efforts are helping our customers and partners meet their own ESG goals. But while we are pleased with our progress, we are not yet satisfied so we continue to press forward with urgency. In keeping with ADI's fundamental commitment to continuous improvement, we are already looking ahead to how we can raise our performance over the years to come.

For the past fifty-seven years, ADI has pushed the edges of innovation in the relentless pursuit of creating positive economic and social impact. Our technologies are more relevant than ever in solving many of the most important problems we face, in collaboration with our customers and partners. We are fortunate to have a deeply talented and passionate workforce and I believe our best days are still ahead of us. I look forward to sharing our progress with you.

VINCENT ROCHE

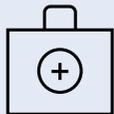
CEO and Chair of the Board

# Who We Are

## Mission

For decades, Analog Devices has **built bridges between the physical and the digital**. Our products transform complex real-world signals into the insights and actions that can shape the future and improve the world around us.

The **digital acceleration** is happening at an almost incomprehensible pace. Sometimes we forget that the digital world exists only to **better understand our relationship to the real world**. The digital world helps us capture and interpret what the real world is telling us. It creates opportunities to use these insights and actions to engineer good.



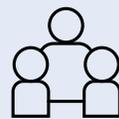
**Transforming healthcare** for better access and outcomes



**Combating climate change** through electrification, energy management and industrial efficiency



**Unlocking human potential** by safely automating factories and transportation



**Connecting humanity** to foster knowledge, understanding and community

Analog Devices **bridges the physical and the digital worlds**. Our pursuits of excellence keep us **Ahead of What's Possible**.

Because the future depends on it.

**Read our 2021 ESG Report here.**

## About Analog Devices

Through more complete hardware, software, and, system solutions, we enable customers to shape the future faster, ensuring a healthier, more connected and sustainable future for generations to come.

## Company Snapshot

### Analog Devices At A Glance

FOUNDED	1965
HEADQUARTERS	Wilmington, Massachusetts U.S.A.
EMPLOYEES	~25,000 in over 35 countries
PRODUCTS	~75,000 SKUs
CUSTOMERS	125,000+
END MARKETS	Industrial, Automotive, Communications, Consumer
TECHNOLOGIES	Analog & Mixed Signal, Power Management, Radio Frequency (RF) and Microwave, Edge Processors and Sensors
PATENTS	7,666
R&D INVESTMENT	\$1.5B +*

\* Combined figure that includes Maxim Integrated Products, Inc. R&D investment from November 1, 2020 until August 26, 2021 (the date of acquisition) mapped to ADI's R&D investment in fiscal year ended October 30, 2021. R&D prior to August 26, 2021 (the date of acquisition) from Maxim is included for informational purposes only and has not been included in ADI's income statement for fiscal 2021. These figures are unaudited.

# Setting ESG Priorities

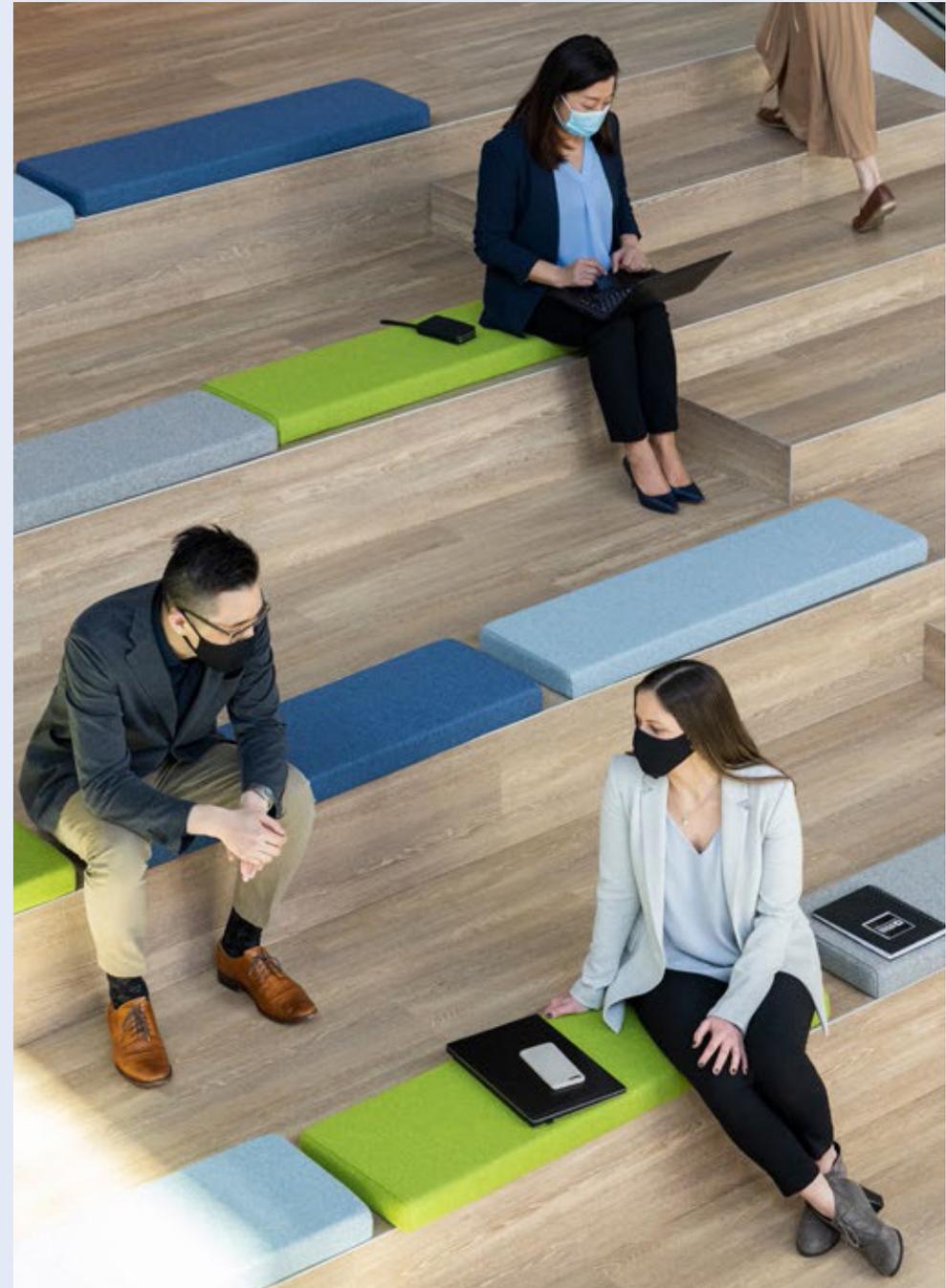
We are committed to transparency and seek to frame our ESG disclosures to be responsive to the needs of our stakeholders by using the frameworks developed by Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD).

To ensure that our priorities align with stakeholder expectations, market trends and business risks and opportunities, we consider input received through our ERM assessment process as well as from employees, shareholders, customers, suppliers and other stakeholders through our regular engagements. We also examine third-party sustainability assessments and benchmark disclosure trends and best practices. As a result of this process, we believe that the ESG issues that are the most relevant to our business and of the most interest to our stakeholders include:

- Business innovation
- Cybersecurity, data protection and data privacy
- Risk oversight
- Human rights
- Supply chain resilience
- Climate change
- Corporate culture
- Talent issues, including recruitment and retention, diversity, equity and inclusion and employee health and safety
- Engagement with our global communities

Each of these priorities are addressed in this report to help stakeholders understand its relevance for ADI and how we manage the related risks and opportunities.

**Read more**



# Stakeholder Engagement

ADI delivers holistic solutions that make a true impact on the world. This is fundamental to our approach to ESG, and encompasses a variety of stakeholders, including customers, employees, communities and suppliers in addition to engaging shareholders.

We have ongoing, transparent communications to ensure we continue to focus on the issues most important to our stakeholders. Topics covered include our global engagement, regulatory compliance, supply chain resiliency, EHS programs and progress and climate targets and progress.

[Read more](#)

## How ADI Engages with our Stakeholders:



### EMPLOYEES

- ▶ Regular company- or business-wide emails and videos from senior leadership
- ▶ Leadership town halls, discussions and webinars, including opportunities for questions and answers
- ▶ Pulse engagement survey and ADI Cultural Values survey



### SUPPLIERS

- ▶ Commitment to an ethical supply chain program and Supplier Integrity Guide for Suppliers based on RBA's strong guidance
- ▶ Access to ADI's Whistleblower hotline



### CUSTOMERS

- ▶ Meetings with senior executives at the business and corporate level
- ▶ Engagement strategy driven by business leadership depending on industry



### REGULATORS/ GOVERNMENT AGENCIES

- ▶ Pursuit of "honest broker" relationships with government stakeholders to promote collaborative, win-win outcomes on ESG and sustainability issues
- ▶ Commitment to regulatory compliance and strong performance
- ▶ Engagement to support decision makers in sustainability goals, including climate change and decarbonization



### MEMBERSHIPS

- ▶ Signatory to the UN Global Compact
- ▶ Member of the Responsible Business Association (RBA), Responsible Minerals Initiative (RMI) and Responsible Labor Initiative (RLI)
- ▶ Member of Semiconductor Industry Association (SIA) and our CEO and Board Chair Vincent Roche serves on their Board of Directors
- ▶ Member of SEMI



### INVESTORS

- ▶ Strong commitment to transparency—communicate strategic, operational, and financial results and progress on priorities
- ▶ Quarterly earnings conference calls open to investors and available on our website
- ▶ Annual meeting of shareholders
- ▶ Investor relations website
- ▶ Regular engagement with institutional investors and other shareholders, covering a variety of topics, including ESG



### COMMUNITIES

- ▶ ADI locations empowered to support charitable organizations based on the needs of the local community
- ▶ ADI Volunteers, contributing to the communities where ADI people live and work
- ▶ ADI Foundation, committed to transforming our communities and shaping the diverse workforce of tomorrow
- ▶ Outreach to local communities and stakeholders on decisions with broader impact

# Sustainability as a Business

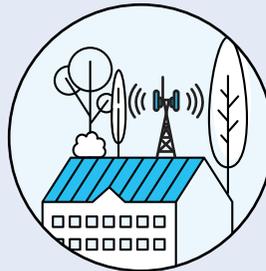
## Sustainability as Innovation

### Purpose-Built Innovation for People and Planet

ADI is uniquely positioned to drive innovation in our key markets, including automotive, industrial, communications, digital healthcare and consumer.

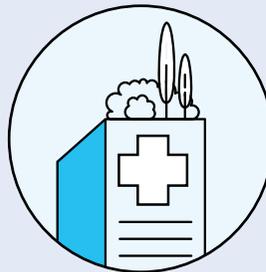
Invention and innovation are said to be born of necessity. What humanity needs now are technological breakthroughs that address the mounting pressures the earth is under: a growing global population; rising demand for food, energy and materials; and decades of rising carbon emissions. In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development, a shared blueprint for peace and prosperity. An urgent call for action was issued around 17 Sustainable Development Goals (SDGs). We recognize and embrace our responsibility in seeing meaningful progress towards the SDGs and see a direct tie to what our technology enables. ADI connects the physical and digital worlds to transform signals into actions. Our designs, platforms, tools and services help customers across diverse markets bring these technologies to life in products that improve lives in profound ways.

Our 2021 ESG Report describes how ADI is innovating for society. [See page 57](#) to learn more about our innovations for the planet.



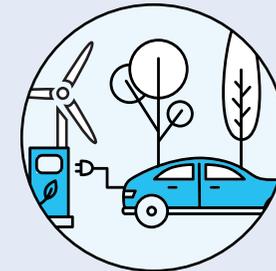
#### CONNECTIVITY

- Bridge the digital divide with advanced power management and transceiver technologies
- Enhance and expand accessibility to affordable networks
- Encourage open access infrastructure sharing to reduce cost of data delivery and provide remote education and economic opportunities



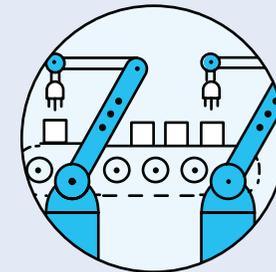
#### DIGITAL HEALTH

- Precision sensing to monitor patients more accurately and improve wellness
- Making care more accessible and affordable through clinical-grade at-home monitoring and point-of-care testing technology
- Creating medical insight through algorithms that enable early detection and help improve outcomes



#### ELECTRIFICATION

- Electric Vehicles for all
- Enabling grid stabilization and the transition to renewable energy sources



#### INTELLIGENT INDUSTRY

- Advanced sensing and controls that allow robots and cobots to more accurately perceive their surroundings and more safely interact with humans
- Connectivity and intelligence at the edge enabling factories to capture insights that improve reliability, safety, and efficiency

# United Nations Sustainable Development Goals

## How Our Strategy and Sustainability Priorities Align with the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) represent a global agenda to address the most pressing challenges facing our world, including climate action, access to healthcare, and reducing inequities throughout the world. We recognize the importance and urgency of this global initiative and how ADI plays a critical role in infrastructure, advancing quality of life, and furthering global development sustainably. [Read more](#)

ADI has been a signatory to the UN Global Compact since 2020 and we see close alignment between the following SDGs and our strategy and sustainability priorities:



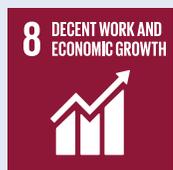
### Good Health and Well-being

- Our technologies impact the health and wellbeing of individuals through vital signs monitoring, medical imaging, medical instrumentation and disease management and wellness.



### Affordable and Clean Energy

- We deploy programs to improve energy efficiency and have set ambitious targets related to achieving 100% renewable energy in all manufacturing sites by 2025.
- Our technologies enable advancements across a broad range of applications, including electric vehicles, energy storage systems, data centers, 5G networks and industrial automation.



### Decent Work and Economic Growth

- We are committed to promoting safe work environments for all workers.
- ADI is committed to the human rights of all workers and to ensuring that its employees are treated with respect and dignity and work within humane working conditions.



### Industry, Innovation and Infrastructure

- Our technologies impact the adoption and expansion of Industry 4.0, including factory automation, safety, and efficiency.



### Sustainable Cities and Communities

- Transportation and smart buildings are two major levers in making cities and communities inclusive, safe, resilient and sustainable. Our technologies impact how we travel, enabling the electrification of vehicles and the modernization of the electricity grid that powers how we plug in. ADI technologies also impact how we work, enabling intelligent building management systems.



### Climate Action

- ADI strives to build sustainability into all our actions. We are committed to reducing our environmental impact through focus on three areas: climate and energy (including leveraging science-based targets to achieve net zero emissions by 2050), water, and waste.

# ESG Progress in 2021 and Goals Going Forward

## Economy

- Continued to innovate and develop solutions with meaningful environmental benefits, including our Battery Management Solutions, Energy Storage Systems and our intelligent sensing systems that make data centers greener.
- After becoming the first US semiconductor company to deploy a sustainable finance instrument with an inaugural green bond issuance in April 2020, established a sustainability-linked revolving credit facility in May 2021 and completed a sustainability linked bond offering.

## Environment

- Achieved approval of our science-based emissions reductions targets from SBTi (Science Based Targets initiative).\*
- Set goals to become carbon neutral by 2030 and achieve net zero emissions by 2050 or sooner, joining the U.N. Global Compact and their campaign, Business Ambition for 1.5°C.
- The new headquarters building (Building 7) and the Hub at the Wilmington campus were both LEED Gold certified, incorporating 14 electric vehicle (EV) chargers and solar panel arrays producing 1500 MWh/year of energy.

## Social

- Named dedicated Director of People and Culture to drive our Diversity, Equity and Inclusion program.
- The Foundation provided a total of \$1.8 million in global community grants last year.
- ADI sponsored Boston Museum of Science's Engineering is Elementary program.
- Implemented a new Flexible Work policy that provides employees with more options to be productive and contribute in ways that work for them while reducing emissions associated with commuting.
- Published ADI's EEO-1 for enhanced transparency.

## Governance

- Continued to focus on active Board refreshment and diversity, increasing the ethnic diversity of the Board to 25% and female representation on the Board to more than 30%.
- Increased our stock ownership guidelines for the CEO from 2x to 5x and for all other executive officers from 1x to 3x.
- Appointed ADI's first Chief Risk Officer and established an enhanced combined company Enterprise Risk Management Program in accordance with industry standards to identify and effectively manage risk events that could impact ADI's achievement of its business objectives.
- Appointed a Senior Director of ESG and Sustainability to drive and manage our programs.
- Developed and issued a new Code of Corporate Social Responsibility that details ADI's policies for itself and its suppliers in the areas of labor and human rights, health and safety, environmental ethics, management systems and data privacy.
- Updated Code of Business Conduct and Ethics.

[Read more](#)

## Management Approach

At Analog Devices, we have a long history of commitment to people and planet and acknowledge that ESG is of rising importance to our stakeholders. We know having a strong ESG program is indicative of a company's strength and resiliency. Over the past year, we've experienced incredible growth driven by both demand for our products and our acquisition of Maxim. We are seizing this moment to further galvanize our ESG program in several ways.

First, we've created a more substantial and dedicated ESG organization to drive our progress and manage risks across all three pillars. These leaders provide expertise, coordination and oversight to our program. The second is a refreshed and more modern disclosure practice, embodied by this report, which is informed by reporting frameworks, as well as our stakeholder engagement.

Finally, we deepened our partnership with customers to seize the opportunities that solving for critical issues for people and planet provides. We believe that our robust ESG programs are a commercial differentiator. They attract and retain precious talent, improve resiliency through risk management and ensure that our strong ethical underpinnings are brought to all that we do.

\* As the Maxim Integrated acquisition is complete, ADI has reengaged with SBTi in 2021.

## Objectives



Climate and Energy

# Net Zero

by 2050

# Carbon Neutrality

by 2030

# 100%

Renewable energy at ADI's  
manufacturing facilities by 2025



Water

# 50%

Recycling rate in manufacturing  
facilities by 2025



Waste

# 100%

Waste diverted from landfill at  
ADI manufacturing facilities  
by 2030



Diversity, Equity and Inclusion

Over the next five years –

Increase global female manager population from

23% **▲** 29%

Increase our global female engineering (exempt)  
population from

17% **▲** 26%

Increase our combined Black, Hispanic and Latinx  
employee population in the United States from

6% **▲** 9%

### 2021 OBJECTIVES

- Begin integration of Maxim
- Maintain full Responsible Business Alliance membership
- Maintain signatory status with the UN Global Compact
- Keep employees safe during COVID
- Participate in CDP Climate survey
- Align disclosures to major ESG frameworks
- Reduce our employee Injury and Illness (I&I) rate
- Name Analog Devices' first Chief Risk Officer
- Name Senior Director, ESG and Sustainability
- Name Director of People and Culture to drive our DEI program
- Refresh ESG cadence to drive performance, including with Board of Directors and Senior Leadership Team
- Disclose EEO-1 to enhance transparency
- Disclose updated diversity goals, data and strategy

### 2022 OBJECTIVES

- Continue integration of Maxim
- Evaluate need for a materiality assessment in line with our ERM program
- Create roadmap for Analog Devices Sustainability program, targets
- Continue a key focus on employee health and wellness
- Develop a plan for ISO certification for all sites, 14001 and 45001
- Review sustainability plan with SBTi for new footprint
- Deepen customer intimacy through ESG outreach and engagement
- Enhance ethics training, resources and awareness initiatives

**Read more**

# Progress on Environmental Goals

Data is reported for both Maxim and ADI combined. [Read more](#)

## Climate and Energy

### NET ZERO

- ADI is committed to achieving Net Zero across our value chain by 2050 or sooner
- Achieve carbon neutrality by 2030
- Reduce absolute Scope 1 and 2 GHG emissions 50% from 2019 by 2030
- 100% of ADI's manufacturing facilities powered by renewable energy by 2025

2021 Performance\*

2.2%

increase in absolute Scope 1 and 2 GHG emissions from 2019

12%

decrease in Scope 1 and 2 GHG emissions intensity by pro forma revenue from 2019

39%

of electricity used at ADI's manufacturing facilities from renewables

## Water

### 2025 GOAL

50% recycling rate in manufacturing facilities

2021 Performance

23%

water recycled

## Waste

### 2030 GOAL

100% waste diverted from landfill at ADI manufacturing facilities

2021 Performance

82%

waste diverted from landfill

\* In 2021, we adjusted our baseline from 2015 to 2019 as part of our SBTi approval process.

# FY21 Workforce Data Snapshot

## Employees by Geography

**30.6%**  
North America

**10.8%**  
EMEA

**58.6%**  
APAC

## Global Leadership by Gender

Senior  
Leadership

14% F

86% M

Manager

23% F

77% M

## Hiring by Gender

Global\*

Gender	%
Female	31.9%
Male	67.3%

\* Only inclusive of those who made a selection

## Technical Role by Gender

Global

Gender	Hires
Female	18.6%
Male	81.4%

## Race & Ethnicity\*

### U.S. Population

American Indian or Alaska Native	0.3%
Asian	35.2%
Black or African American	1.7%
Hispanic or Latinx	4.5%
Native Hawaiian or Other Pacific Islander	0.3%
Two or More Races	1.0%
White	55.1%
Unknown	1.9%

### U.S. New Hires

American Indian or Alaska Native	0.1%
Asian	41.8%
Black or African American	2.1%
Hispanic or Latinx	6.1%
Native Hawaiian or Other Pacific Islander	0.7%
Two or More Races	2.3%
White	45.5%
Unknown	1.4%

\* U.S. data only. Based on EEO-1 data filed with the Department of Labor and voluntary self-reporting.

[Read more](#)