

# GREEN BOND REPORT

## 2020



## MESSAGE FROM OUR CEO AND CFO



Our green bond is just one aspect of ADI's broader sustainability commitment. With climate change being one of the greatest threats to our society, we have announced bold, decisive actions that advance our climate strategy:

- Achieving carbon neutrality by 2030 and net zero emissions by 2050, including using 100% renewable energy across our operations by 2025.
- Joined the United Nations Global Compact's Business Ambition for 1.5°C and will commit to setting science-based targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels and reaching net zero emissions by 2050.
- Joined the UN Global Compact, which is the world's largest corporate sustainability initiative for companies and consists of more than 12,000 companies and 3,000 non-business signatories based in over 160 countries.
- Aligning our reporting with both the Sustainability Accounting Standards Board (SASB) and Taskforce on Climate-Related Financial Disclosures (TCFD) reporting standards.

While our work is far from done, the progress we have made at ADI is representative of the immense impact we can have on the world around us. We will continue to act urgently and identify new, innovative ways to help mitigate climate change and its effect on communities globally.

**Vincent Roche**  
President & CEO  
Analog Devices

**Prashanth Mahendra-Rajah**  
SVP, Finance and CFO  
Analog Devices

ADI's inaugural green bond was the first offering in the semiconductor industry. The issuance generated significant institutional investor interest and the proceeds of the bond were used to fund research & development (R&D) investments for transformational, energy-efficient technologies and the construction of greener buildings at our corporate campus in Wilmington, MA.

At ADI, our technology sits at the intersection of the physical and digital worlds. This presents us with a unique opportunity to tackle society's greatest challenges, and we are putting our great engineering minds and resources behind these challenges. As a part of our ambitious sustainability commitment to "Engineer Good", we issued the semiconductor industry's first green bond in fiscal 2020. We are now proud to report the details of how our bond advanced the well-being of our people, society, and planet.

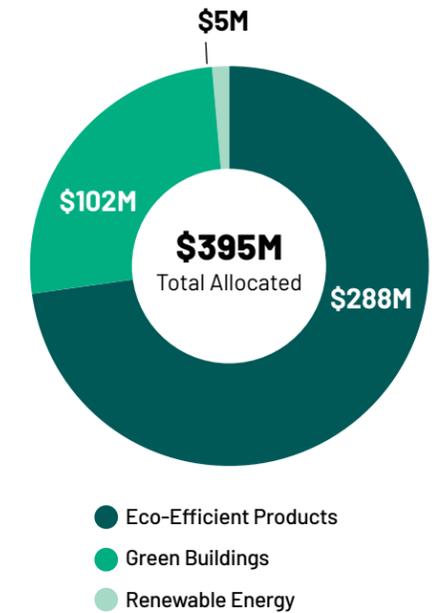
Over the last couple of years, we allocated nearly \$400 million to eco-efficient products, greener buildings and renewable energy. At ADI, our products are inherently designed to achieve the highest performance levels, while consuming less energy, allowing our customers to use power more efficiently and decrease their carbon footprints. Throughout this report, we share how our investments in 4G and 5G technology, green vehicles and battery management systems, as well as data centers are advancing the global fight against climate change. In addition, the significant investment in our Wilmington campus is reducing our carbon footprint, while improving the well-being of our employees and surrounding environment.

### Overview of Green Bond

Issue Date	April 8, 2020
Net Proceeds	\$394.6M
Coupon Rate	2.950%
Maturity	5 years (due April 2025)

## GREEN BOND FRAMEWORK

ADI's Green Bond prospectus defines Eligible Green Projects as new and existing investments, which includes capital expenditures and other sustainability related spend, made by ADI in the following categories:



These categories were designed to reflect how ADI is helping to create a more connected, safer, and sustainable future through its core business. Moreover, these categories

will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG Goals 6, 7, 9, 11 and 12.

Sustainalytics has reviewed ADI's green bond framework to ensure that it aligns with the four core components of the Green Bond Principles 2018.

### Governance Overview

The framework for our inaugural Green Bond incorporates recommendations from the Green Bond Principles

<b>Project Selection &amp; Evaluation</b>	<ul style="list-style-type: none"> <li>• ADI's Sustainability &amp; Finance teams oversee the allocation &amp; selection process</li> <li>• Teams nominate projects submitted by the businesses &amp; recommend the eligible project allocation to the Treasurer who has final approval</li> </ul>
<b>Management of Proceeds</b>	<ul style="list-style-type: none"> <li>• ADI monitors &amp; keeps track of the net proceeds using internal tracking systems</li> <li>• Pending full allocation, net proceeds may be temporarily invested in cash or liquid securities in accordance with ADI's Investment Policy</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>• Second Party Opinion from Sustainalytics on alignment of our Green Bond Framework with the International Capital Markets Association Green Bond Principles 2018</li> <li>• ADI intends to publish allocation &amp; impact reporting annually until full allocation</li> <li>• Independent Auditor provides Report of Independent Accountants on management's assertion</li> </ul>

## PROJECT EXAMPLES



### ECO-EFFICIENT PRODUCTS: 4G & 5G TECHNOLOGY



As we have realized during the pandemic, connectivity is more important than ever in powering our society and the economy. Our investments in next generation communications technologies will enhance our ability to keep people connected and productive from anywhere, while enabling companies to reduce their CO2 emissions. ADI's innovations are at the core of the communications infrastructure that enables both 4G and 5G connectivity. As more customers transition their communications networks to 5G, we provide best-in-class products for them to test, build, and harness 5G, supporting a wide variety of use cases, from smart cities to the internet of things.

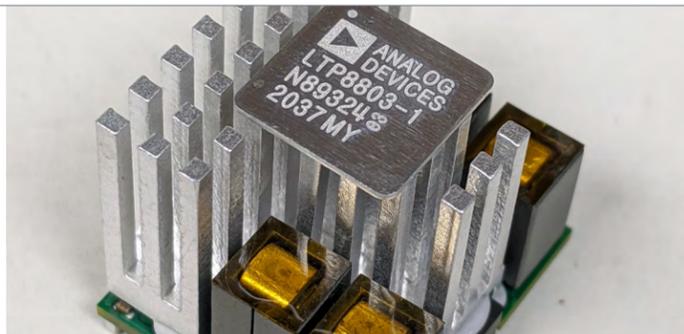
We allocated a significant portion of this spend to our 4G and 5G technology, such as the soon to be launched Koror transceiver.

#### Koror Transceiver

The Koror transceiver specifically supports power amplifier efficiency improvements within 5G base stations. As background, power amplifiers consume the most power within base stations and are prone to non-idealities resulting in potential violations of emissions standards. To address this, Koror uses a technique called digital pre-distortion (DPD) to significantly improve the efficiency of power amplifiers, reducing the amount of power consumed by the base station. In its first year of production, Koror transceivers will save an estimated 19 million kilowatt hours of electricity. Over the next six years, Koror is anticipated to save over nine million tons of CO2, while all of ADI's DPD products will save about 43 million tons of CO2 over the same time period.



### ECO-EFFICIENT PRODUCTS: DATA CENTER TECHNOLOGY



#### 54V to Core

ADI's 54V to Core technology is currently the #1 way to reduce power loss in CPU and GPU power systems within data centers. 54V to core allows power to be delivered from a high voltage directly down to the voltage in power-hungry microprocessors. With 54V to Core

technology in data centers, companies can reduce input losses by a factor of 16, creating significant energy and cost savings. Our 54V to Core technology continues to roll out to hyperscale customers, which will accelerate potential savings and emission reductions.

## PROJECT EXAMPLES



### ECO-EFFICIENT PRODUCTS: GREEN VEHICLES & BMS TECHNOLOGY



The adoption of electric vehicles (EVs) is accelerating with the World Economic Forum predicting that by 2030, there will be approximately 215 million EVs on the road, up exponentially from 7 million in 2020. As a market leader in battery management solutions (BMS), ADI's technologies enhance the performance and range of EV batteries. Over half of the top 10 fully electric EV brands today utilize ADI's BMS products, which has made us the #1 provider of these solutions by market share. ADI has also developed the industry's first almost completely wireless battery management system (wBMS) with General Motors. The wBMS will enable GM to achieve its goal of releasing 30 new EVs globally by the end of 2025, two-thirds of which will be available in the U.S.

#### Emissions Reductions

In 2020 alone, vehicles equipped with ADI's BMS technologies prevented more than 70 million tons of CO2 from entering the atmosphere, and by 2025, that number is estimated to double. In addition, in the battery formation and testing process, ADI's solutions are delivering significant energy efficiency improvements, while bringing down costs. For example, during the battery formation stage, our solutions enable more current density, thereby, shrinking our customers' equipment footprint by up to four times and reducing per channel costs by nearly half. Our technology makes it possible for factories to recycle more than 80% of the energy used during formation back into the power grid. Based on today's production levels, energy recycling during formation reduces CO2 output by one million tons annually.

#### Sustainable Materials and Circular Economy

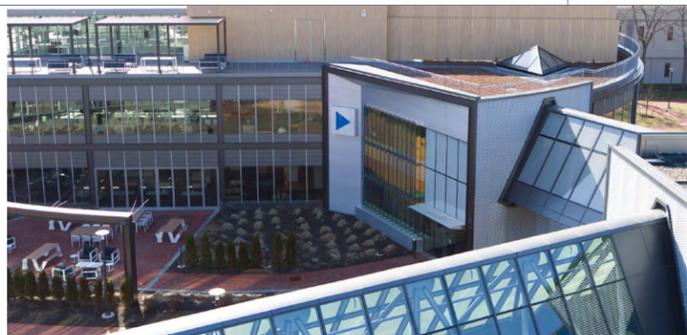
As the battery is the most expensive part of an EV, ADI is also focused on building them with more sustainable materials and to be lower weight. Specifically, we are developing technology to help reduce or eliminate cobalt – an expensive conflict material – from EV batteries altogether. Moreover, we are significantly reducing the amount of wiring in EVs through our hardware and software solutions. This includes our A<sup>2</sup>B<sup>®</sup> technology, which requires up to 6000% less copper in the vehicle, as well as our road noise cancellation technology, which significantly reduces the total amount of insulation needed.

We also strive for our products to contribute to the circular economy. As more EVs hit the road, it is important to recognize how best to recycle and repurpose the growing number of batteries from these vehicles. At ADI, we think about batteries dynamically by giving them a "second life" and extracting their maximum value. ADI's wireless BMS enables monitoring of battery modules throughout the battery's lifecycle, allowing for the determination of potential second life usage of the battery beyond the EV. This will further reduce energy usage associated with the creation of new batteries as well as reduction of waste. We not only provide the industry-leading hardware to accurately monitor the health of batteries, but we also build the software that harnesses and analyzes the data so that batteries can be reconfigured.

## PROJECT EXAMPLES



GREEN BUILDINGS +  
RENEWABLE ENERGY:  
WILMINGTON CAMPUS



**225,000+**

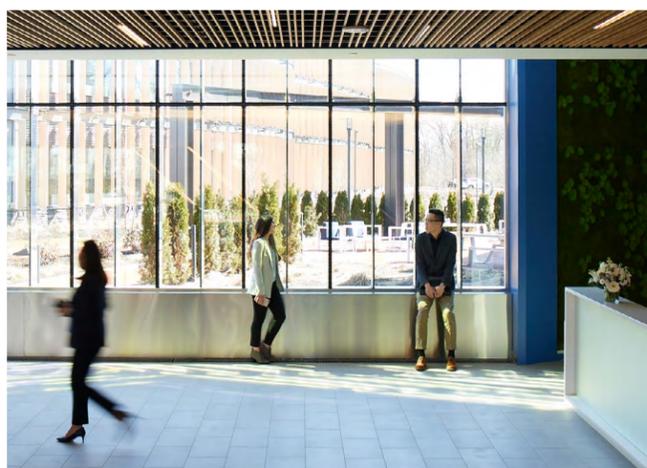
SQUARE FEET OF  
GREEN BUILDING SPACE

**3,100+**

SOLAR PANELS WILL GENERATE  
ABOUT 1.5 MILLION kWh PER YEAR

While low carbon credentials are an important component of our greener facilities, our vision for the Wilmington campus also prioritized the health and wellness of our employees and the environment around us. This includes closely measuring the air quality within each workspace to promote a safe and healthy working environment.

Each building was designed to reduce employee stress and improve productivity through the use of natural elements, daylight and outdoor spaces. In particular, we focused on designing outdoor spaces that encouraged exercise and promoted the health of local flora and fauna. Today, ADI is working to maintain the native woods and plant species of the region. As part of this effort, the company is maintaining five beehives on our campus, which will hold enough bees to pollinate 6,000 acres.



*The Wilmington Campus was designed to incorporate biophilic elements—connecting nature to people in order to improve their health, wellness, and productivity*

At ADI, we are deeply committed to making our own operations greener, healthier and more efficient. As a part of this effort, we have taken a close look at how we can improve our corporate facilities. We allocated \$102 million to our Wilmington, MA campus to build more than 225,000 square feet of green building space.

Two of our buildings, including our Welcome Center, are on track to achieve a high-level of Leadership in Environmental and Engineering Design (LEED) certification. Each building will achieve a reduction of more 50% in operational greenhouse gas emissions and a reduction of more than 20% in embodied carbon, meaning less carbon will linger in the atmosphere and reducing the building's overall global warming potential. We also invested more than \$5 million in the solar panels for the campus, which has the capacity of about 1.5 million kilowatt hours per year. The renewable energy generated from these two buildings will offset more than 60% of their total energy use.

## CONCLUSION

**We are grateful for investors' enthusiasm for the bond offering and we are delighted that we were able to use the proceeds of this bond to address our long-term environmental footprint reduction goals. Reducing emissions are not only a priority for our operations, but also for the industry-leading products we design. At ADI, we are committed to the fight against climate change and facilitating the transition to a more sustainable economy. [Read more in our 2020 Corporate Social Responsibility Report](#)**

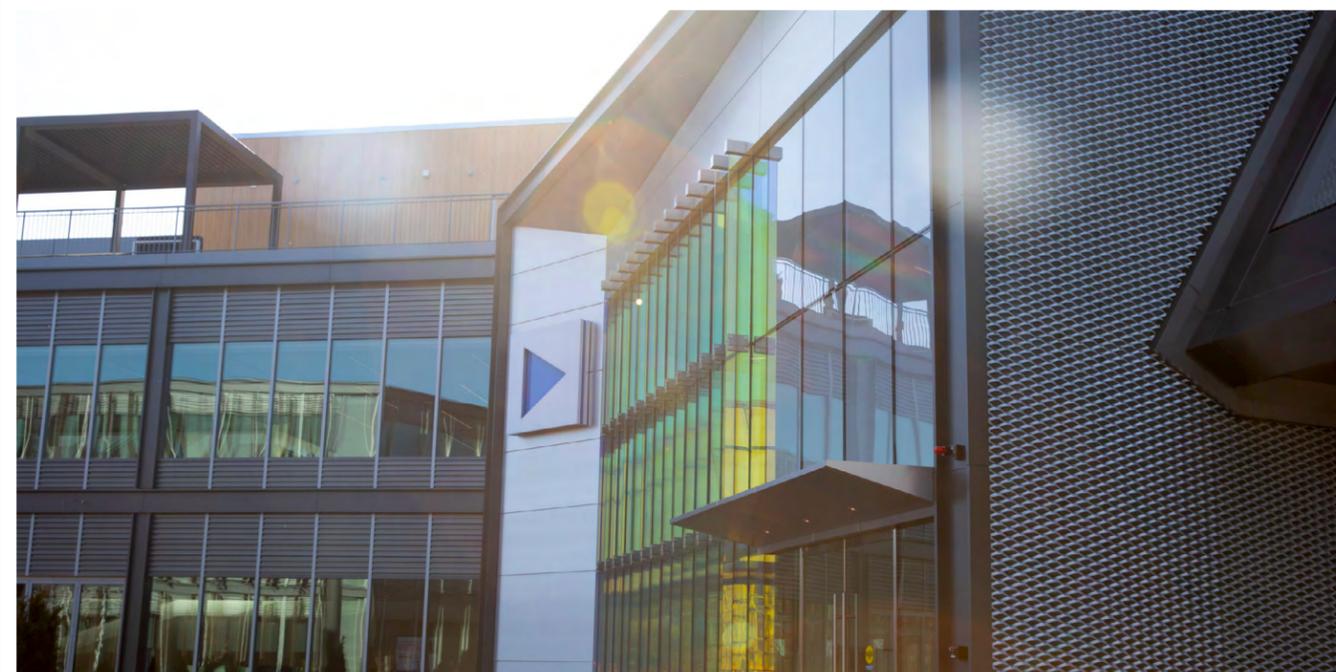
**Assurance**

[View Report of Independent Accountants](#)

**Special Note on Forward-looking Statements**

This report contains forward-looking statements regarding our product offerings, including expected product performance, expected market share gains, expected customer demand and order rates for our products and expected product offerings. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are not guarantees of future performance, are based on our current expectations and are subject to a number of factors and uncertainties,

which could cause actual results to differ materially from those described in the forward-looking statements. The following important factors and uncertainties, among others, could cause actual results to differ materially from those described in these forward-looking statements: the uncertainty as to the extent of the duration, scope and impacts of the COVID-19 pandemic; political and economic uncertainty, including any faltering in global economic conditions or the stability of credit and financial markets; erosion of consumer confidence and declines in customer spending; unavailability of raw materials, services, supplies or manufacturing capacity; and changes in geographic, product or customer mix. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission ("SEC"), including the risk factors contained in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K. Forward-looking statements represent management's current expectations and are inherently uncertain. Except as required by law, we do not undertake any obligation to update forward-looking statements made by us to reflect subsequent events or circumstances.





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