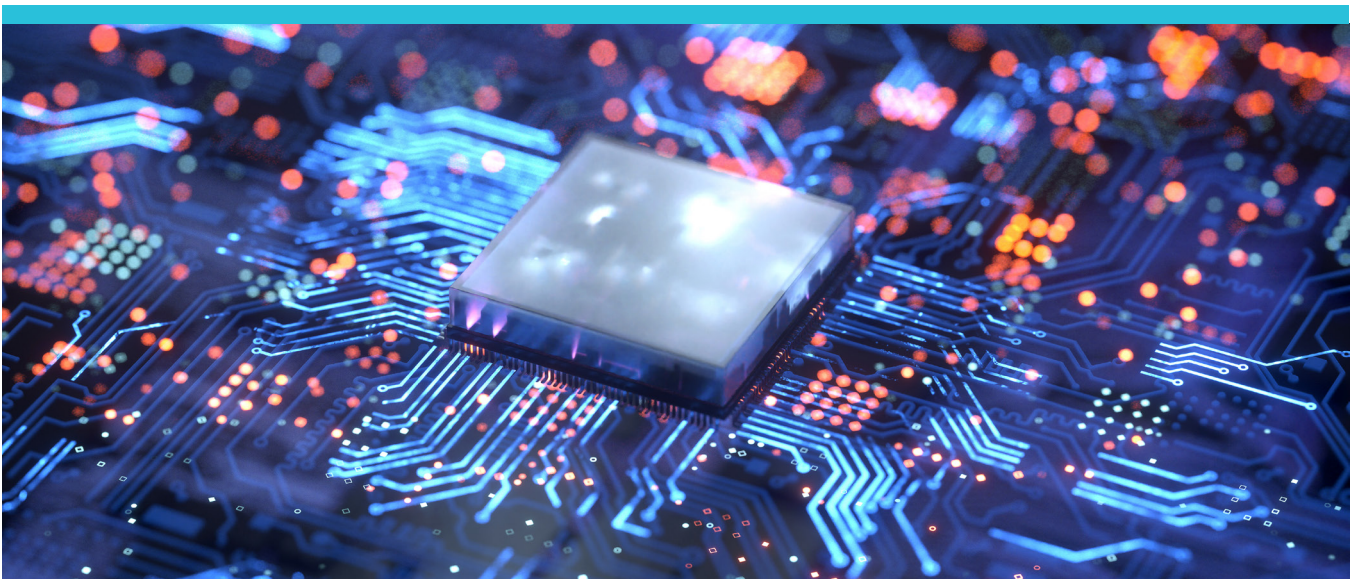




Case study

GLOBAL IMPACT EQUITY STRATEGY



Synopsis

The following case study is a selected example of a recent engagement with a company held in or considered for the portfolio. The example is not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

SUSTAINABLE TECHNOLOGY

Synopsys

Pressure Points

Semiconductors are crucial enablers of green and digital economies. As shrinkage in semiconductors' physical size and monetary cost begins to slow, advancing their design process is essential to bolster performance and to improve end products' performance and efficiency. Designing for low power and energy consumption optimization are key issues for chip developers. The advances, in turn, work to enable digital financial inclusion, health care research and development (R&D), and production of robotics and electric vehicles, all while leading to more energy-efficient outcomes.

Impact Thesis

Synopsys is a market leader in Electronic Design Automation (EDA) (composing 57% of company revenue) and holds a strong position in semiconductor intellectual property (IP) (composing 33% of company revenue).¹ Its activities accelerate and improve the power use, energy efficiency, innovation design, and accuracy of the semiconductor design process. Smarter chip design leads to energy-efficiency gains and better outcomes in areas such as health care (computer power for R&D, microchips in health care technology) and climate (adoption of cloud computing and electric vehicles). Since Synopsys contributes to continued innovation and advanced chip manufacturing, we measure the company's impact by revenues and R&D spending.

KPI: Revenues and research and development spending

Five Dimensions of Impact

What: Improving semiconductors performance via EDA and IP to enable technological solutions to social and environmental issues

Who: People and planet

How much: In the 2020 financial year, Synopsys' total revenue increased by approximately 10%. R&D expenses represent 35% of total revenue.¹

Contribution: By enabling the design of custom chips, client companies can produce more diversified, lower-cost, and more energy-efficient product offerings to end customers.

Risks: Given the company's global reach and broad application of its IP, user risk is potentially disruptive, especially in periods of heightened political tension.

Progress Monitoring

We are excited about the breakthrough of artificial intelligence (AI) in the semiconductor design flow process and are monitoring Synopsys' advance in the field. Synopsys' new DSO.ai™ solution utilizes AI to autonomously learn from the process of integrated circuit design.

PRIMARY UN SDG



IMPACT PILLAR

Sustainable Innovation and Productivity

IMPACT SUB-PILLAR

Sustainable Technology

IMPACT JOURNEY

Input

- USD 3.6 billion total revenue¹
- USD 1.2 billion research and development spending¹

Output

EDA and semiconductor IP services and products

Outcome

Foster innovation in the semiconductor industry and, consequently, in broader technology areas that leads to better energy efficiency and positive social outcomes

Impact

Acceleration of technological solutions that enable positive environmental and social impacts

¹2020 financial year annual report
DSO.ai is a trademark of Synopsys. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price.

Additional Disclosures

The examples shown in the case studies represent the largest active positions in each sub-pillar.

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