

## Analog Devices

While Analog Devices is relatively early in seeing the fruits of its investment in ESG areas, we find their CEO and President, Vincent Roche, to be one of the more thoughtful advocates on this subject. His writing on the necessity of integrating ESG into the company’s culture if the company is going to survive long-term is quite refreshing. He personally recommends reading *The Living Company* by Arie de Geus to guide these discussions. Mr. Roche was named the 67<sup>th</sup> most innovative CEO by *Forbes*.

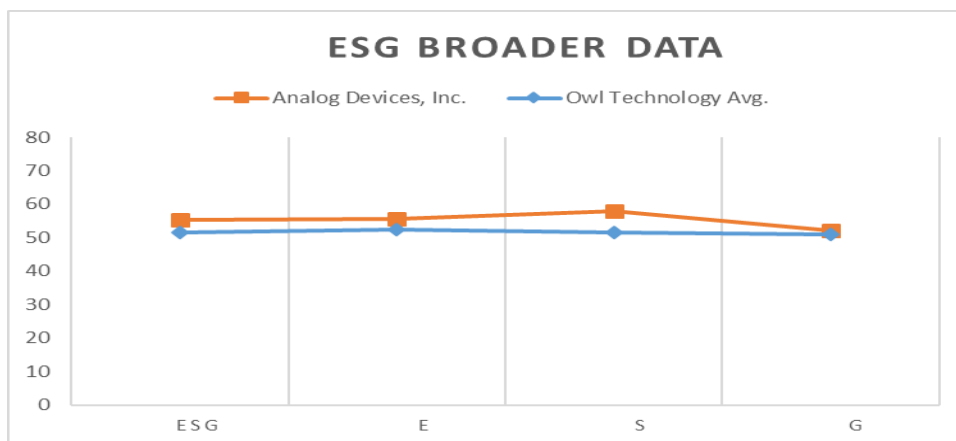
Analog Devices was rated as the 42<sup>nd</sup> most sustainable company in the world in a well-respected survey completed by Corporate Knights, a magazine for clean capitalism. They were the 9<sup>th</sup> highest rated company from the United States. They were also rated the 63<sup>rd</sup> most responsible company in the world by *Just Capital*. They were the fifth highest rated semiconductor company out of universe of 25.

The company has a fairly thorough environmental program that has seen improved results in the past year. For example, while electricity usage increased by 6.8% in 2015, they were able to reduce it by 2% over the past two years. Energy intensity (adjusting for the growth in business) declined by 7%. Quite impressively, greenhouse gas emissions per employee dropped by 37% since 2014 (versus declines of 27% at Xilinx and 19% at Nvidia.) Their goal is to reach a 50% reduction by 2025. In 2015, the company used no renewable energy, but they now make up about 52% of total energy used. Their goal is to reach 100% by 2025. The company receives B grades from the Carbon Disclosure Project for its work on Climate Change and Water.

Analog Devices has a solid reputation as a good employer, though doesn’t stand out in any significant way. The pay differential between the CEO and median worker is less than half that of the average company. The company reports that it does annual surveys on pay equity based on gender, race, and ethnicity and that it is close to attaining 100% pay equity. It would be useful if the company disclosed more data on this topic. Women make up 21% of technical employees and Blacks/African Americans are 1.6% of these workers. Asians are 35% of technical employees.

The company has some exposure to the defense industry, primarily with communications products, but this appears to be less than 1% of sales.

Analog Devices has made across-the-board gains in its ESG scores since our last report.



Source: OWL SHARES

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