

SUSTAINABILITY

AND NON-FINANCIAL GROUP REPORT (COMBINED NON-FINANCIAL REPORT OF ELMOS SEMICONDUCTOR SE AND THE GROUP)

Sustainability is part of our corporate strategy, and our goal of social, ecological, and economic sustainability is firmly anchored within our company. We perceive sustained added value in a comprehensive way. We orient the success of our business activities not only toward financial key figures, but also want to connect that success with social acceptance, a high level of ecological awareness, and correct ethical conduct. The following explains our sustainability topics as required by Section 289c HGB and Section 315c HGB.

Elmos develops, produces and distributes semiconductors, primarily for automotive use. You will find more information about the Company's business model in the chapter "Combined management report" in this Annual Report.

Elmos pays attention to **environmental concerns** and has received certification in line with both the demanding environmental management standard ISO 14001 and the energy management standard ISO 50001. This certification is reviewed every year and is confirmed in repeat audits.

The automotive semiconductors from Elmos make a substantial contribution to reducing CO₂ emissions. Semiconductor solutions in electronics have made a significant contribution to reducing global CO₂ emissions from vehicles in recent years. Elmos is making a contribution to this development through a wide range of automotive components, such as ICs specifically for hybrid and electric vehicles, efficient LED lighting, high-efficiency motor control systems for HVAC and cooling, aerodynamics optimization, sensors for automatic lights, and efficient DC/DC converters. A comparison between Elmos' CO₂ emissions and the CO₂ savings made possible by Elmos' ICs shows that a significantly higher amount of CO₂ is saved by our products.

Elmos collects consumption data for internal operational assessments. These include, for example, power consumption (and the associated CO₂ emissions) and water consumption, as well as waste volumes. Elmos analyzes internal processes to further increase efficiency and to generate benefits for both the environment and the Company's

economic base. Elmos has also joined the national campaign "Initiative Energieeffizienz-Netzwerke" (engl.: "Energy Efficiency Networks Initiative"), which has developed into one of the most successful tools of the National Action Plan on Energy Efficiency (NAPE). Through its involvement, Elmos actively supports the German government's energy efficiency targets. Activities include constantly analyzing production processes to identify potential efficiency increases.

Effective resource management is important for both the environment and the economy. One example of this is our gas-powered CHP (combined heat and power plant), which allows us to generate a substantial share of our power requirements ourselves while utilizing the heat produced for heating our buildings at our Dortmund headquarters. In addition, substandard components from Elmos are sent to a recycling company that extracts and processes the materials contained in the parts to the greatest extent possible.

Internal and external audits regularly review whether we are treating potentially harmful substances in a way that complies with the law. Moreover, we have issued statements on the following topics (available at www.elmos.com):

- > conflict minerals
- > the EU chemical regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)
- > the EU regulation RoHS (Restriction of Hazardous Substances)

Employee matters are a central topic for us. We would like to create a working environment where our employees are able to apply their skills and develop accordingly. Elmos is proud to be able to offer its employees attractive workplaces at all locations. We set the highest standards in terms of occupational safety, which is why the Elmos occupational health and safety management system has been certified according to the strict requirements of ISO 45001 since 2019. Elmos places tremendous importance on equal opportunities and expects a respectful approach to dealing with one another. We have a policy of promoting employees Company-wide regardless of gender. When selecting applicants, we pay attention to their suitability, motivation, and expertise and do not privilege or disadvantage anybody based on factors such as gender, cultural background, nationality, religion, worldview, disability, age, or sexual orientation.

As an innovative company in the semiconductor industry, specialists with excellent training are of particular importance to Elmos. In order to ensure the continuous professional development of all its staff, Elmos offers employees a wide range of training courses. In the past fiscal year, employees of Elmos Semiconductor SE received a total of over 13,200 hours of training. That corresponds to more than 13 hours of training per employee on an annual average. Employees in leadership positions also complete executive training. In addition, Elmos is highly committed to vocational training, which it sees as an important investment in the future. As of the reporting date (December 31, 2020), a total of 48 apprentices were employed at German Elmos locations, accounting for 4.3% of the Company's total workforce in Germany.

NUMBER OF EMPLOYEES

	12/31/2020	12/31/2019
Elmos North Rhine-Westphalia ¹	932	1,046
Other subsidiaries	209	211
Total	1,141	1,257

¹The decline was due to the termination of the cooperation with the Fraunhofer Institute IMS, among other factors.

Our working conditions and respect for employee rights meet and in some cases exceed the demanding legal requirements. We place a particular focus on occupational safety in the production areas. In this sense, we also fully comply with the legal requirements for operating production facilities. Regular safety training workshops and inspections are a fixed component of prevention.

The principles of proper conduct toward and among employees, as well as toward external persons and institutions, are defined in our Code of Conduct. The code addresses issues such as law-abiding behavior, conflicts of interest, and dealing with information and Company assets. The Code of Conduct is binding for all employees, who receive regular training on the topic. Potential violations of the Code of Conduct or other misconduct can be reported using the whistleblower system, which is available Company-wide. The current version of the code can be found online at www.elmos.com.

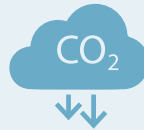
Alongside the rights and duties listed here, we also offer voluntary services to improve the health of our employees. In-house health promotion is an essential social standard implemented by

Elmos. Along with general health programs, it includes special offers for employees doing shift work. Among other benefits that go beyond the usual are the in-house cafeteria, our own parking garage, our in-house gym with an broad course program, and massage offerings at our headquarters in Dortmund, Germany. In addition, an in-house health team provides certain medical examinations and influenza vaccinations for employees. Moreover, the health team organizes the participation in local sporting events, such as company runs. Due to the COVID-19 pandemic, some of the aforementioned offerings were either unavailable in 2020 or were available only in limited form to protect employees.

With regard to the COVID-19 pandemic, Elmos recognized the seriousness of the situation at an early stage and took extensive measures to protect staff, including hygiene concepts for all areas of the Company, providing masks and disinfectant, suspending business travel, increased remote working, and free rapid tests. With the help of these preventive measures, Elmos succeeded in minimizing the risk of infection within the Group and maintaining production and business activities without major disruption. Where necessary, the Company coordinates measures with the Elmos works council. Management and the works council engage in an active exchange of ideas in several committees in order to keep this positive collaboration going. Regular works meetings provide management and employees with the opportunity to engage in exchange with each other. Due to the COVID-19 pandemic, such in-person works meetings were not held for the protection of staff. To nevertheless keep the line of communication with employees open, the Management Board addressed employees in multiple video messages and memos.

Our Code of Conduct for employees and the Supplier Code of Conduct for our suppliers set out how **human rights** are to be upheld. Our suppliers and business partners must comply with the rules set out in our Supplier Code of Conduct and must also require their sub-suppliers to comply. Examples of what is required by the Supplier Code of Conduct include upholding international human rights, observing employee rights in line with national and international standards, and rejecting child labor, forced labor, and discrimination

HIGHLIGHTS 2020



Saving over 150 metric tons of CO2 per year:

The efforts to optimize our approach to generating cold water, which we need to air condition clean rooms and cool production machinery, made a major contribution to this achievement. In addition, the lighting of the Elmos parking garage was converted to LED. All told, these measures and further optimizations will allow us to save enough electricity every year to compensate for over 150 metric tons of CO2 at Elmos.



Installation of charging infrastructure for electric vehicles:

Last year, charging stations for hybrid and electric vehicles were installed in the parking garage at Elmos' headquarters in Dortmund. By installing the stations, Elmos is making a contribution to expanding charging infrastructure and promoting electromobility.



Optimizing the integration management program:

In 2020, the process behind the integration management program was optimized with the aim of promoting, preserving, or restoring employee health and increasing job satisfaction. To this end, the Berufsförderungswerk (vocational training center) Dortmund, with its extensive integration management expertise, was incorporated into the organization as an integration management case manager.



Elmos inventory exchange:

Set up in 2020, the Elmos inventory exchange, or "Elmos inventory exchange," makes it even easier to exchange or replace devices or equipment – such as ESD furniture, large-scale systems, and measuring equipment – across departmental boundaries. This improvement, suggested by an employee, is designed to promote the sustainable trend toward borrowing instead of buying.



New energy-saving products:

Elmos products perform essential control and measurement functions, especially in cars. New products with a positive influence on a vehicle's overall energy demand were introduced once again in 2020, such as a high-precision stepper motor driver that offers a unique opportunity to reduce the CO2 emissions of the associated vehicle components in combination with innovative diagnostic functions.



Support for cyclists:

The bicycle leasing program, launched in 2019, continued to be well received by Elmos employees in 2020, and the funding available for bike leases was increased once again. To date, around 150 employees – or 14% of the total workforce in Germany – have actively taken advantage of the opportunity to lease a company bicycle.

of all kinds. The current version of the code can be found online at www.elmos.com.

We actively strive to **combat corruption and bribery** at our Company. Elmos has a Group-wide compliance management system. This includes rules such as a prohibition against bribery and corruption, commitment to correct accounting, non-disclosure obligations with respect to confidential information, and prohibitions against anti-competitive conduct. The compliance officer monitors compliance with rules and laws and provides clear guidance to employees with compliance questions. Select employees must take part in special compliance training that addresses different aspects of compliance and provides instruction for the areas in which they work. In the interest of preventing corruption, there are also guidelines on dealing with gifts and invitations that are binding for all employees worldwide.

We promote **social activities** through our diverse collaborations with external partners and through the Elmos Foundation. For this reason, engaging in dialogue at a local-government and regional level with authorities, organizations, institutions, and working groups is part of our corporate culture. Moreover, the charitable work of the Elmos Foundation, which was founded in 2016, supports projects in three main areas: The promotion of education and science, local activities at the locations of the Elmos Group and campaigns fighting worldwide poverty.

To promote education, the Elmos Foundation participates every year in the Deutschlandstipendium, a scholarship program that provides support to high-achieving and talented students. Last year, the support was expanded further, with the scholarship being offered at both TU (Technical University) Dortmund University and the University of Duisburg-Essen. As part of its regional projects, the Elmos Foundation had the opportunity in 2020 to support an additional youth center for the non-profit organization "BieberBurmann 4U e.V.", which helps children and teenagers make active use of their free time. To combat global poverty, the Elmos Foundation has supported the organization Sambhava in Nepal since 2019; the organization operates a home for children in need and makes it possible for other children to go

to school or participate in sporting activities. Due to challenges in helping children meet their material needs as a result of the COVID-19 pandemic, the Elmos Foundation increased its support significantly in 2020. For more information and a more in-depth look at the foundation's work, please see our new brochure entitled "Gemeinsam Zukunft gestalten!" (in German only) at www.elmos-stiftung.de.

Material risks that could occur in connection with the topics listed here are addressed in the chapter "Opportunities and risks."

Sustainability reporting has been prepared according to external frameworks, in particular the German Sustainability Code (DNK). The sustainability topics that are important to the Company have been explained, which is why there is no need for a separate DNK statement of compliance.