

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 markets 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.

The innovative microelectronics developed by Elmos make a contribution to improving the lives of people. We shape future mobility, and our products make the world more sustainable, safer, and a better place to live – that is our vision and the basis for our daily actions. We are aware of our social and environmental responsibility, as reflected in numerous activities and projects throughout the Company.

To make our commitment to greater sustainability more transparent, we have realigned our ESG reporting. A wide range of ESG-related documents and key environmental, social, and governance indicators are now available in the "Sustainability" section of our website at www.elmos.com, illustrating the high standards Elmos has set for itself in the field of sustainability.

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 played an important role in reducing global CO₂ emissions from vehicles in recent years. Elmos is supporting this development through a wide range of automotive components, such as ICs specifically for hybrid and electric vehicles for functions such as energy and battery management, along with 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 our products help save a significantly higher amount of CO₂.

Outside the automotive sector, Elmos semiconductors also help make buildings more sustainable. Examples of this include installation and facility technology for solutions such as building automation through motion and presence detectors.

Elmos collects consumption data for operational assessments and other purposes that can be used as a basis for measures to optimize consumption metrics within the Company, including CO₂ emissions, power consumption, and water consumption, as well as waste volumes. These figures and more are available in the "Sustainability" section of our website at www.elmos.com. 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-driven 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 advancing 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, skin color, ethnic or cultural background, nationality, religion, worldview, disability, age, marital status, or sexual identity and 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 12,600 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, 2021), a total of 53 apprentices were employed at German Elmos locations. Apprentices therefore accounted for 4.7% of the Company's total workforce in Germany.

NUMBER OF EMPLOYEES

	12/31/2021	12/31/2020
Elmos North Rhine-Westphalia	918	932
Other subsidiaries	227	209
Total	1,145	1,141

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, and they 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 extensive course program, and massage offerings at our headquarters in Dortmund. 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 once again either unavailable in 2021 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 at the beginning of 2020 and initiated extensive measures to protect staff, including hygiene concepts for all areas of the Company, providing masks and disinfectants, suspending business travel, increased remote working, free rapid tests, and vaccination offerings for all employees and their families. 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 negotiates measures with the Elmos works council. Management and the works council engage in a lively 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, in-person works meetings were not held for the protection of staff. To nevertheless keep the line of communication with employees open, both the Management Board and the works council addressed employees in multiple video messages and announcements.

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 are obligated to comply with the rules defined in our Supplier Code of Conduct, which was completely revised and updated in 2021, and must ensure compliance by their sub-suppliers to comply as well. 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 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 addition, anti-corruption guidelines on dealing with gifts and invitations that are binding for all employees worldwide were adopted in 2021 to enhance the Company's efforts to prevent corruption.

We promote **social causes** 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 Elmos Group locations, 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. Every year, the Elmos Foundation also supports RuhrTalente by providing scholarships to school students. As part of its regional projects, the Elmos Foundation had the opportunity in 2021 to go beyond cultural projects by supporting an additional youth center for the non-profit organization Bieber.Burmann for you e.V., which helps children and teenagers make active use of their free time. A children's hospice and an organization in Dortmund's northern neighborhoods that cares for children and teenagers also received support in 2021. 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. The Elmos Foundation also regularly helps fund projects by Ingenieure ohne Grenzen e. V. For more information and a more in-depth look at the foundation's work, please see our 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.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

As part of the package of measures known as the European Green Deal, whose overarching objective is for the EU to become climate-neutral by 2050, EU Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment ("EU Taxonomy") was adopted in June 2020. On the basis of defined Taxonomy requirements, the economic activities of EU companies are to be classified and assessed in terms of their contribution to the EU's six environmental objectives, with the aim of encouraging greater investment in environmentally sustainable activities within the EU. Pursuant to Article 8 of the EU Taxonomy, starting from January 1, 2022, companies subject to reporting requirements are obliged to disclose information on whether and to what extent their economic activities are environmentally sustainable as defined by the EU Taxonomy. As a result, non-financial companies subject to reporting requirements must include information on "green" turnover, capital expenditure (CapEx), and operating expenditure (OpEx) in their (consolidated) non-financial statement or (consolidated) non-financial report and prove whether their activities are actually environmentally sustainable according to the criteria of the EU

Taxonomy and therefore substantially contribute to the fulfillment of the EU's environmental objectives. The environmental objectives specified in Article 9 of the EU Regulation are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use of water, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection of biodiversity and ecosystems.

Due to the complexity of the rules and the significant effort involved for the companies affected, Article 10 of the Delegated Act of July 6, 2021, concerning Article 8 of the EU Taxonomy Regulation provides for simplifications for the first year of reporting. In 2022, companies therefore only need to disclose the proportion of "Taxonomy-eligible economic activities" and "Taxonomy non-eligible economic activities" in their total turnover, capital expenditure (CapEx), and operating expenditure (OpEx) relating to the first two environmental objectives (climate change mitigation, climate change adaptation) as well as provide additional explanatory information. A review and assessment of economic activities in terms of their fulfillment of the technical screening criteria and a breakdown based on each environmental objective ("Taxonomy-aligned activities") are not required in the first year of reporting.

From January 1, 2023, companies' reporting must include a detailed analysis of their economic activities and proof of Taxonomy compliance. According to the definitions of the EU Taxonomy, Taxonomy-eligible economic activities only qualify as environmentally sustainable (Taxonomy-aligned) if those activities

- (1) contribute substantially to at least one of the six environmental objectives, as proved by fulfillment of the technical screening criteria relevant for the economic activities in question,
- (2) do not significantly harm any of the EU's other environmental objectives (principle of "do no significant harm" – DNSH), and
- (3) are carried out in compliance with the minimum safeguards for occupational safety and human rights.

Elmos has addressed the requirements and reporting duties under the EU Taxonomy in detail to ensure that it meets the initial reporting obligations in 2022. In the current financial year, we will further

refine our internal processes and the necessary data gathering procedures and screening analyses – with external support if required – so that we are sufficiently prepared for the full reporting obligations from January 1, 2023.

Determination of Elmos Semiconductor SE's economic activity for the purposes of the EU Taxonomy

According to Annex 1 (environmental objective 1 – climate change mitigation) and 2 (environmental objective 2 – climate change adaptation) of the Delegated Regulation of June 4, 2021, supplementing the EU Taxonomy Regulation, there are a total of 17 different activities that are deemed Taxonomy-eligible for companies in the manufacturing sector (production of goods). This allocation and division of a company's economic activities into the defined Taxonomy-eligible activities is the first step in the review and must be published in the first year of reporting.

Elmos is a leading global provider of mixed-signal semiconductors, primarily for use in automotive vehicles. Elmos semiconductors make mobility around the world safer, more comfortable, and more energy-efficient and therefore contribute substantially to climate change mitigation and to combating and mitigating climate change, as well as to reducing greenhouse gas emissions.

In the automotive industry, semiconductor solutions help significantly lower global CO₂ emissions from vehicles. Elmos contributes to these efforts through a wide range of automotive components, such as ICs specifically for hybrid and electric vehicles, efficient LED lighting, high-efficiency control systems for HVAC, aerodynamics optimization, and for temperature and thermal management, sensors for automatic lights, and efficient DC/DC converters.

Elmos operates exclusively in the field of semiconductors. The production of semiconductors as an electronic component is covered by code C.26 of the statistical classification of economic activities in the European Community (NACE). There are no other Taxonomy-related activities or business segments in the Elmos Group.

In the Annex setting out the technical screening criteria in the Delegated Regulation of June 4, 2021, supplementing the EU Taxonomy Regulation, the NACE code relevant for Elmos (C.26) falls within section 3.6 (Manufacture of other low carbon technologies). According to the description in section 3.6, the manufacture of other low carbon technologies is aimed at substantial greenhouse gas emission reductions in other sectors of the economy. It enables other sectors of the economy to contribute substantially to fulfilling environmental objectives or to significantly reduce greenhouse gas emissions (enabling activity). The relevant economic activities defined by the EU Taxonomy, for which Elmos technologies enable a substantial contribution to the fulfillment of environmental objectives, are in particular the manufacture of low carbon technologies for transport (section 3.3) and, to a lesser extent, the manufacture of energy-efficient equipment for buildings (section 3.5).

Determination of Elmos Semiconductor SE's Taxonomy-eligible turnover for the purposes of the EU Taxonomy

As there are no established standards for disclosing or determining green products in the first year of reporting under the EU Taxonomy, Elmos is adopting a conservative approach to identifying Taxonomy-eligible turnover. In the Elmos Group, this turnover includes sales attributable to semiconductors that could enable a substantial contribution to the fulfillment of environmental objectives by increasing efficiency, directly reducing consumption, or reducing a vehicle's or building's CO₂ emissions (such as ICs for LED control of front and rear lighting, ICs for efficient motor control, home automation, heat optimization, and for efficient energy use). According to the screening criteria of the EU Taxonomy, all other sales from products for applications that have no direct effect on environmental objectives do not qualify as Taxonomy-eligible, although the use of parking assistance systems, for example, considerably reduces urban parking traffic and thus indirectly contributes to reducing CO₂. Sales

as defined by IAS 1 and sales accounted for pursuant to IFRS 15 in the consolidated financial statements were used as a basis for turnover.

Determination of Elmos Semiconductor SE's Taxonomy-eligible capital expenditure (CapEx) for the purposes of the EU Taxonomy

The Company is not able to prepare a clear breakdown of capital expenditure (CapEx) based on environmentally sustainable criteria. Among other things, this is because all types of semiconductors, including those that may not be Taxonomy-eligible, are tested on a testing machine. We therefore determine Taxonomy-eligible and Taxonomy non-eligible capital expenditure in an approximate manner, either on the basis of Taxonomy-eligible turnover or the number of units sold of all Taxonomy-eligible products, depending on the type of capital expenditure. For example, capital expenditure on land and buildings was broken down on the basis of the number of units sold of the Taxonomy-eligible products, as this capital expenditure is apportioned using a more value-neutral approach based on cost allocation, and the value or complexity of a product has no effect on the use of that type of capital expenditure. We also took this approach for capital expenditure on intangible assets. By contrast, with regard to capital expenditure on property, plant and equipment that are deployed directly in the production process (such as technical equipment for the testing process or testing machines), we used turnover to determine Taxonomy-eligible capital expenditure so as to take into account the varying degrees of load on production machinery by our different types of semiconductors, depending on their complexity, while applying a value-based method. Higher-value ("more expensive") semiconductors tend to spend longer on testing machines or undergo more complex testing programs than simple ("cheaper") semiconductors. Higher-value products therefore use testing machines longer and place a greater strain on technical equipment than simple products. In these cases, a value-based calculation according to turnover is preferable to a value-

neutral breakdown by number of units. The same applies to product-related or project-related capitalized development expenses and thus materially to intangible assets, as higher-value or more complex projects generally require more development resources, meaning that a higher proportion of development expenses can be capitalized than in the case of semiconductors that were less complex and more simple to develop. Additions to property, plant and equipment and intangible assets according to the consolidated financial statements were used as a basis for total capital expenditure (Taxonomy-eligible and Taxonomy non-eligible).

Determination of Elmos Semiconductor SE's Taxonomy-eligible operating expenditure (OpEx) for the purposes of the EU Taxonomy

A clear and specific breakdown of Taxonomy-eligible and Taxonomy non-eligible expenditure is also not possible in the case of operating expenditure (OpEx) and would, in our view, be of very little informative value in any case. Depending on cost type, we again used either turnover or number of units sold to approximately determine the OpEx KPI. For all relevant, EU Taxonomy-based expenses that are directly linked to product development, we used the proportion of turnover accounted for by our defined Taxonomy-eligible activities, because higher-value products tend to require greater research and development expenses, and in particular more human resources. We treated other expenditure not related to product development, such as expenditure on the maintenance and repair of buildings, as typical cost allocations and broke this expenditure down based on the number of units sold of the Taxonomy-eligible products. In accordance with the EU Taxonomy, the basis used to determine total operating expenditure (both Taxonomy-eligible and Taxonomy non-eligible) comprised direct, non-capitalized costs relating to research and development, building renovation measures, short-term leases, and maintenance and repair, as well as all other direct expenditure in connection with the daily maintenance of items of property,

plant and equipment by the Company or by third parties to which activities are outsourced that are necessary to ensure the continuous and effective functioning of these assets.

Explanatory notes on the EU Taxonomy disclosures

- > All disclosures relate to the reporting period from January 1, 2021, to December 31, 2021.
- > In line with the consolidated financial statements of Elmos Semiconductor SE, the key financial indicators were determined in accordance with IFRS and stated in Euro.
- > The key financial indicators required to be reported under the EU Taxonomy (turnover, CapEx, OpEx) are based on data from the consolidated financial statements of Elmos Semiconductor SE as of December 31, 2021, and were determined in accordance with the provisions and definitions contained in Annex 1 (KPIs of non-financial undertakings) of the Delegated Regulation of July 6, 2021.
- > Prior-year figures were not determined.

ELMOS GROUP: TAXONOMY-ELIGIBLE TURNOVER, CAPEX, AND OPEX IN ACCORDANCE WITH THE EU TAXONOMY IN THE REPORTING YEAR 2021

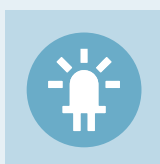
	in million Euro	in %
Turnover		
Group	322.1	100.0%
thereof Taxonomy-eligible	103.8	32.2%
thereof Taxonomy non-eligible	218.3	67.8%
Capital expenditure (CapEx)		
Group	80.3	100.0%
thereof Taxonomy-eligible	27.6	34.4%
thereof Taxonomy non-eligible	52.7	65.6%
Operating expenditure (OpEx)		
Group	43.5	100.0%
thereof Taxonomy-eligible	14.2	32.7%
thereof Taxonomy non-eligible	29.3	67.3%

HIGHLIGHTS IN 2021



Enhanced ESG reporting: To make our outstanding commitment to greater sustainability more transparent for all stakeholders, we re-aligned our ESG reporting approach at the end of fiscal year 2021. A wide range of

ESG-related documents and environmental, social, and governance KPIs are now available in the “Sustainability” section of our website at www.elmos.com. Going forward, we will update such information on a regular basis and continuously improve our reporting in this field.



Switch to LED building lighting: Thanks to the significantly longer operating life of LEDs, switching building lighting from fluorescent lamps to LED technology allows Elmos to reduce power consumption, waste volumes,

and maintenance costs. Completing the switch in one section of our testing area, for example, makes it possible to save nearly 150 MWh per year.



Savings thanks to DI water generation: Deionized (DI) water – which is generated by Elmos itself and is free of mineral, metallic, and ionic impurities – is used during wafer processing to clean wafer surfaces. The constant optimization of water treatment processes made it possible to reduce drinking water consumption by nearly 9,700 m³

year on year in 2021 and roughly 16,200 m³ compared to 2019.



Successful Elmos vaccination campaign:

Working with a team of doctors, Elmos gave its employees and their families an opportunity to join the fight against the COVID-19 pandemic by getting vaccinated against

coronavirus in early 2021. In December 2021, Elmos also offered its employees booster shots against COVID-19. To date, external doctors have administered more than 1,300 shots to our employees and their families as part of the Elmos vaccination campaign.



Support for cyclists: The bicycle leasing program continued to be well received by Elmos employees last year. As a result, the funding available for bike leases was increased once again. Due to the generally

high demand for bicycles and the associated increase in list prices, Elmos also raised the limit for the maximum purchase price by nearly 30%.



Innovations for the mobility of tomorrow:

In 2021, over 100 Elmos employees once again put their inventiveness to the test and developed pioneering innovations and trendsetting technologies that will make our world

more sustainable, safer, and a better place to live. To honor these outstanding achievements, Elmos held a large-scale virtual inventor event that offered a space for participants to discuss and explore the latest innovations.