



Elmos ESG/Sustainability strategy

Section: Double materiality analysis according to CSRD/ESRS

Coverage: Elmos Group

Supported UN SDGs:



Addressed GRI Standards: 3-1, 3-2, 3-3

Stakeholder analysis

As part of the materiality analysis, Elmos distinguishes between six key stakeholders: Employees, customers, suppliers, investors, society and legislation. Employees are internal stakeholders, whereas the other five groups are external stakeholders. Workers in the value chain are covered via the stakeholder group of suppliers. They, in turn, are divided into three groups: suppliers and service providers in the upstream value chain (primarily foundry and OSAT partners), workers from external companies who carry out work on the Company premises and service providers in the downstream value chain (e.g. logistics service providers). We also incorporate the interests of the six stakeholder groups in the further development of our corporate and sustainability strategy and our business model.

We are in contact with all our stakeholders via various communication channels. For example, we get in contact with our investors at the Annual General Meeting and at roadshows and conferences. We meet our customers at trade fairs, individual workshops and customer meetings. An exchange with society takes place through the Elmos Foundation and through cooperation with colleges and universities. Detailed information on exchanges with our employees can be found in our Sustainability Report in the section on the own workforce.

The purpose of our intensive communication is to meet the interests and expectations of the individual stakeholder groups and to further develop the Company in sustainability issues. Suggestions received via the communication channels shown in the table are collected and evaluated by the relevant departments. If adjustments need to be made, these are implemented in consultation with the Management Board and then communicated to the relevant stakeholder group. The interests and expectations of the stakeholders can be understood very well thanks to the intensive communication with the groups mentioned.

Elmos is aware of legal requirements, voluntary commitments, customer-specific requirements and social focus topics and takes them into account in its sustainability activities where appropriate.

	Interests and expectations	Communication channels
Employees	<ul style="list-style-type: none"> Secure workplaces Fair payment Career opportunities Employer attractiveness & additional benefits 	<ul style="list-style-type: none"> Employee communication Training & further education Works meetings Corporate events Works council
Customers	<ul style="list-style-type: none"> Innovative solutions High-quality products Delivery capability Technology & innovation roadmap 	<ul style="list-style-type: none"> Long-term partnerships Customer support Trade fairs Publications Workshops & audits
Suppliers	<ul style="list-style-type: none"> Compliance with contracts Legal standards 	<ul style="list-style-type: none"> Long-term partnerships Supplier Code of Conduct Supplier surveys Risk management & audits
Investors	<ul style="list-style-type: none"> Positive business development Profitability & growth Capital market communication 	<ul style="list-style-type: none"> Annual General Meeting Financial reports Press releases Roadshows & conferences
Society	<ul style="list-style-type: none"> Responsibility for the environment and wider society Positive contribution 	<ul style="list-style-type: none"> Elmos Foundation Collaborations with universities and science/academia Donations
Legislation	<ul style="list-style-type: none"> Strict adherence to all applicable laws Compliance with regulations, permits, guidelines Active collaboration 	<ul style="list-style-type: none"> Certifications Associations Working groups Workshops Surveys

Methodology of the materiality analysis

The materiality analysis is based on the sub-topics of the ESRS (European Sustainability Reporting Standards). The methodology used to determine the materiality of the 37 subtopics distinguishes between positive and negative impacts, as well as risks and opportunities. The main assumption is the continued existence of Elmos in its current form.

The following procedure was used to assess the impacts: as explained in the stakeholder analysis, Elmos distinguishes between internal and external stakeholders. Within the scope of the materiality analysis, the Compliance Committee and relevant specialist divisions were identified as internal stakeholders in addition to employees. External stakeholders are customers, suppliers, investors, society and legislation. As part of the materiality analysis, the stakeholder perspective was taken via corresponding representatives in the form of internal experts. To this end, discussions were held with the experts in which the sub-topics of the ESRS were examined and assessed in terms of their materiality. In addition, the sustainability reports of key suppliers, in particular, the available materiality analyses, were taken into account for the supply chain perspective. At the same time, a comparison was always carried out between the ESRS topics and the existing ESG reporting, in particular, the ESG policies and ESG KPIs published on the website at www.elmos.com in the Sustainability section. To determine the materiality of impacts, the scale, scope and, in the case of negative impacts, remedy are assessed on a four-point scale. This determines the severity of an impact. In the case of potential impacts, the probability of occurrence is also included in the assessment.

The existing Group-wide risk management system (RMS) was used to assess risks and opportunities. The risks identified as part of the RMS were examined for risks potentially relevant to the materiality analysis. Relevant risks were included in the materiality analysis together with their gross assessment in the RMS. Opportunities for Elmos arise primarily from the business activity itself, i.e. from the sale of developed products. To determine the materiality of risks and opportunities, the effect and probability of occurrence are assessed on a four-point scale.

In the assessment methodology described above, based on a four-point scale, the range of aggregated impacts, risks and opportunities can range from 1 to 4. The materiality threshold was set at >2.5, which is the upper half of the possible range. The quantification of the criteria considered was primarily carried out in consultation with internal experts. The assessment of the scale criterion was based on the ESG KPIs published on the website. For example, the order of magnitude of the individual indicators or their development over time was taken into account.

Result of the materiality analysis

Within the scope of the double materiality analysis, around 100 IROs (*impacts, risks and opportunities*) were identified. 22 of these were assessed to be material for Elmos. This results in a reporting obligation for Elmos in accordance with the four topic-specific standards (ESRS) presented in the table. The other six topic-specific standards (ESRS) are immaterial for Elmos and, therefore, not reportable in accordance with the CSRD.

Standard	Sub-topic	Description	IRO	+ / -	Description
Climate change (ESRS E1)	Climate change mitigation	Saving greenhouse gas emissions through Elmos products	I	+	Semiconductor solutions in vehicle electronics make a significant contribution to reducing global greenhouse gas emissions.
		Generating sales through climate-friendly products	O	+	There is great sales potential in climate-friendly semiconductor solutions.
		Output of greenhouse gas emissions in production	I	-	The majority of emissions are generated in Scope 3, i.e. in the upstream value chain. Elmos can primarily influence Scope 1 and 2 emissions. Corresponding climate targets have already been formulated.
		Output of greenhouse gas emissions in the supply chain	I	-	Although the semiconductor industry is not defined as an energy-intensive industry, the energy required in the production process is associated with greenhouse gas emissions.
	Energy	Saving energy and increasing energy efficiency through Elmos products	I	+	The majority of our products are designed to help customers' applications become more efficient. This means that automotive semiconductor solutions make a significant contribution to energy savings and therefore to climate change mitigation.
		Generating sales through energyefficient products	O	+	There is great sales potential in energy-efficient semiconductor solutions.
		Energy consumption in production	I	-	Our only production site in Dortmund, in particular, has energy requirements for semiconductor manufacturing.
		Energy consumption in the supply chain	I	-	The production of semiconductors requires high levels of energy along the entire value chain, particularly for the processing of wafers.
Own workforce (ESRS S1)	Working conditions	Attractive workplaces with good working conditions and many additional benefits	I	+	Elmos is an attractive high-tech employer with a unique corporate culture. In addition to fair salaries, a high level of social benefits, individual career opportunities and a good work-life balance, Elmos offers numerous advantages for attracting and retaining employees.
		Holistic, occupational health management	I	+	Elmos has established a comprehensive health management system for its employees with many benefits, such as vaccinations, a gym with an extensive range of courses, sporting events and Company reintegration management.
		Positive contribution to society through social commitment	I	+	Social commitment at Elmos is primarily promoted by the Elmos Foundation ("Elmos Stiftung"), which was established in 2016. The Elmos Foundation focuses its charitable work on three areas: supporting projects for the promotion of education and science, regional activities at the locations of the Elmos Group and running campaigns combating global poverty. Further information can be found at www.elmos-stiftung.de/en .
		Lack of availability of (key) employees / possible loss of know-how	R	-	As an innovative company in the semiconductor industry, attracting and retaining highly qualified employees is a fundamental task for Elmos. Due to the tight labor market, particularly for skilled workers and engineers, there is a risk that qualified employees will leave the Company, or that the Company will not be able to attract qualified employees. This could have a negative impact on the Company's performance.
	Equal treatment and opportunities for all	Skills development through training and further education	I	+	Elmos places great emphasis on promoting and supporting young people and is highly committed to vocational training, which it sees as an important investment in the future. In addition, we offer all employees a comprehensive internal and external training and development program.
		Group-wide promotion of equal treatment and diversity	I	+	Elmos attaches great importance to equal opportunities and employee diversity and promotes a corporate culture based on appreciation, equality and mutual respect.

Standard	Sub-topic	Description	IRO	+ / -	Description
	Other work-related rights	Respect and promotion of human rights	I	+	Elmos is aware of its due diligence for the compliance with human rights. Elmos acts in accordance with internationally applicable human rights and, in particular, does not tolerate any form of human trafficking, child labor, forced labor or other forms of exploitation. There is neither a risk of forced labor nor a risk of child labor within Elmos.
Workers in the value chain (ESRS S2)	Working conditions	Non-compliance with the Code of Conduct for Suppliers and Business Partners with regard to working conditions in the supply chain	I	-	
	Equal treatment and opportunities for all	Non-compliance with the Code of Conduct for Suppliers and Business Partners with regard to equal treatment & discrimination in the supply chain	I	-	
	Other work-related rights	Non-compliance with the Code of Conduct for Suppliers and Business Partners with regard to human rights in the supply chain	I	-	
Business conduct (ESRS G1)	Corporate culture	Good corporate governance and corporate culture with an appropriate compliance management system (CMS)	I	+	Strict compliance with applicable laws and all of the rules and regulations in place at the Company is a fundamental principle at Elmos and an important part of the corporate culture.
		Compliance risks (e.g. acceptance of benefits, bribery, data protection violations, violations of antitrust law)	R	-	Despite our comprehensive compliance management system (CMS), potential compliance risks and violations cannot be completely ruled out.
	Corruption and bribery	Positive and good corporate ethics	I	+	We actively strive to adhere to our ethical principles and the Elmos Code of Conduct, as well as combat corruption and bribery at our Company. Elmos condemns all forms of corruption and bribery and does not tolerate any conduct aimed at gaining an unfair advantage in business activities.
		Corruption or money laundering and the associated loss of reputation, fines or criminal consequences	R	-	A potential loss of our reputation as a result of corruption or money laundering could also entail a significant financial risk.

IRO: I = Impact, R = Risk, O = Opportunity // + = positive, - = negative

Additional documents

- Company profile & product contribution
 - Materiality analysis & ESG targets
 - ESG policies
 - ESG KPIs
 - Sustainability and non-financial report
 - Certificates
 - Accompanying documents
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