



Elmos Semiconductor SE ESG Policies

Section:	Governance
Chapter:	Compliance
Policy:	Supply chain management
Coverage:	Elmos Group
Supported UN SDGs:	



Addressed GRI Standards: 204, 308, 414

The semiconductor industry's value and supply chain is – by nature – globally intertwined and highly complex. Therefore, we at Elmos have implemented sound and effective systems to safeguard supply chain due diligence.

Comprehensive sustainability criteria are already taken into account during the **selection of suppliers**. As we rely on long-term partnerships, potential suppliers are subjected to a selected screening process, including an audit if necessary, before they are added to the list of approved suppliers. Preference is given to suppliers with an environmental management system in accordance with DIN EN ISO 14001, an EMAS certification and/or other certifications, such as an energy management system in accordance with DIN EN ISO 50001 or an occupational health and safety management system in accordance with DIN EN ISO 45001. Suppliers are evaluated regularly as part of our Supplier Quality Management (SQM). A partnership can only be established or maintained if this evaluation meets our quality and sustainability requirements. Corresponding data is monitored in our supplier portal.

Along the supply chain, regulations on topics such as **human rights**, including forced and child labor, as well as environmental protection and occupational safety are set out, for example, in our Supplier Code of Conduct. In addition to compliance with this Supplier Code of Conduct, we expect our business partners to comply at least with national legislation and to uphold the declarations, guidelines and recommendations on which our Supplier Code of Conduct is based. When it comes to compliance with applicable human rights, we are additionally guided by the UN Declaration on Human Rights and the principles of the International Labor Organization (ILO). Anchoring the requirements regarding human rights, occupational safety and environmental sustainability in our Supplier Code of Conduct as well as the future declaration on principles for human rights – in alignment with the German Supply Chain Due Diligence Act (LkSG) – promotes the effectiveness of our supply chain management, as it enables us to increase transparency along the value chain, identify potential risks and initiate appropriate measures.

In addition to compliance with these due diligence obligations, fulfillment with regard to **raw materials from controversial sources**, so-called conflict minerals, is also indispensable. Corresponding obligations are set out in documents such as our Conflict Minerals Policy. Compliance with this and other frameworks is expected from all employees and business partners.

The aim of the **German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG)** is to improve the international human rights situation by ensuring certain standards along the supply chain. The law mentions, for example, prohibitions regarding child labor, slavery and forced labor, the disregard of occupational health and safety standards, the withholding of an adequate wage, the disregard of the right to form trade unions or appoint employee representatives, the denial of access to food and water, and the unlawful deprivation of land and livelihoods. In addition to human rights-related due diligence obligations, the LkSG also sets out environment-related obligations, such as a ban on the manufacture of products

containing mercury, the production and use of certain chemicals, non-environmentally sound handling, storage and disposal of waste, or the export and import of hazardous waste.

For Elmos, the LkSG will apply as of January 1, 2024. In order to be able to meet the requirements, we have already established a topic-specific working group in 2022 with participation of the purchasing, quality, legal, finance, and investor relations (ESG) departments. In addition, an external service provider has been contracted to support the review of our supply chain. This service provider is currently analyzing our existing processes and examining the active, direct suppliers of Elmos Semiconductor SE with respect to compliance with human rights-related and environmental obligations within the scope of the LkSG. In 2023, we will adjust our processes and systems where necessary so that we are prepared for fulfilling the due diligence obligations and can fully comply with the requirements of the LkSG as of January 1, 2024.

To achieve the aforementioned legal goals in the future, Elmos will adjust its existing risk management system on the basis of the LkSG in order to be able to identify, avoid, or mitigate potential risks along the supply chain with respect to human rights and environmental protection. In addition, preventive and corrective measures must be created, and a complaints system (whistle-blower system) must be established. The fulfillment of due diligence obligations must be documented on an ongoing basis and the company must prepare an annual report on the fulfillment of its due diligence obligations.

ESG policies	Raw materials from controversial sources
	Upholding human rights
Accompanying documents	Conflict Minerals Policy
	ELV, RoHS, REACH and Rare Earths Statement
	Code of Conduct for Suppliers and Business Partners