

STATEMENT ON CORPORATE GOVERNANCE

IN ACCORDANCE WITH SECTIONS 289f AND 315d HGB, INCLUDING CORPORATE GOVERNANCE REPORT

In the following chapter, the Management Board – also on behalf of the Supervisory Board – reports on corporate governance at Elmos pursuant to Principle 22 of the German Corporate Governance Code (GCGC). Previous statements on corporate governance can be accessed at www.elmos.com.

Implementation of the German Corporate Governance Code

For the Supervisory Board and Management Board of Elmos, corporate governance means the implementation of responsible and sustainable business management with the appropriate transparency across all areas of the Group. The Supervisory Board and Management Board again concerned themselves with the provisions of the GCGC in fiscal year 2020. They released the most recent joint declaration of compliance in accordance with Section 161 AktG in September 2020. Apart from the deviations reported therein, all recommendations of the GCGC have been complied with. All previously released declarations of compliance have been made available at www.elmos.com.

Compliance

One of the essential tasks of the Management Board as a whole and the members of the Management Board within their individual areas of responsibility is the control and monitoring of compliance within the Group. Elmos has a compliance management system (CMS) in place to ensure compliance with applicable laws and statutes as well as all internal rules and guidelines. Responsibility for decisions regarding rules and measures lies with the compliance officer and the compliance team. In addition to the compliance officer, the heads of Finance, Human Resources, Legal Affairs, and Investor Relations regularly take part in the quarterly team meetings. Starting in 2021, the circle of participants will be expanded to include the head

of Corporate Development. The compliance officer investigates potential breaches of compliance and cases of suspicion and carries out controls regardless of whether suspicion exists. The compliance officer reports directly to the Chief Executive Officer and regularly informs the Management Board as a whole about the compliance activities within the Elmos Group.

The Supervisory Board is informed at least once a year about the CMS and all measures of relevance. As part of the efforts to continuously improve the CMS, annual key issues are defined and pursued with special focus. In 2020, for example, Elmos approved guidelines on dealing with gifts and invitations for the purpose of preventing corruption and introduced them as binding for all employees.

The Elmos Code of Conduct, in which the rules and principles that are applicable at the Company are outlined, provides orientation for employees with regard to their action and conduct. The Code of Conduct is updated regularly and enforced through Group-wide training. Employees also receive training on specific compliance-related topics, such as corruption prevention.

Working methods of the Management Board and the Supervisory Board

The Management Board and Supervisory Board share the commitment to the Group's responsible corporate governance. Their highest goal is to safeguard the Company's existence and to increase the shareholder value. The Management Board previously had four members, but now has three members since January 1, 2021. The individual members of the Management Board are responsible for their respective key areas; together, they assume responsibility for the entire management in accordance with the applicable law, the Articles of Incorporation, the board's rules of procedure, and the resolutions of the Annual General Meeting.

The Management Board represents the Company externally world. The Board is responsible for the management of the Group, the definition and monitoring of the Group's strategic orientation and corporate targets, and the Group's financing. The Management Board usually meets in full once a week. The Management Board

gives regular, extensive, and timely reports to the Supervisory Board on developments and events of relevance to the Company. The Supervisory Board supervises the Management Board, appoints its members, and advises them with respect to the Company's management.

The Management Board and the Supervisory Board work closely together based on mutual trust. The Management Board involves the Supervisory Board in essential decisions. The rules of procedure of the two Boards define this cooperation, among other issues. A detailed summary of the Supervisory Board's work can be found in the Supervisory Board report. The chairman gives a report to the shareholders on the Supervisory Board's work over the past fiscal year at each Annual General Meeting.

The Supervisory Board of Elmos Semiconductor SE has six members. Pursuant to the SE's Participation Agreement, it consists of four shareholder representatives and two employee representatives. The representatives of the shareholders are elected by the Annual General Meeting; the employee representatives are elected by the staff. The first Supervisory Board of the SE was elected by the Annual General Meeting on May 22, 2020, or appointed by way of the SE's Participation Agreement. The next shareholder representative election is scheduled for 2021. The employee representatives have already been determined for the next term by way of the SE's Participation Agreement. The Supervisory Board does not set up committees.

The Supervisory Board has defined the goals and principles with respect to the board's composition and drafted a competence profile. It includes international experience, technical and entrepreneurial expertise, strategic vision, knowledge of the Company, industry-specific know-how, and experience with accounting and internal control processes. Likewise, diversity should be taken into account and conflicts of interest avoided. Of the shareholder representatives on the Supervisory Board, at least one member must be independent within the meaning of the GCGC. The goals are realized with the present composition of the Supervisory Board and will also be considered for future nominations. Pursuant to D.13 of the GCGC, the Supervisory Board regularly performs a self-assessment. With

the help of questionnaires, it evaluates its efficiency once a year. In accordance with No. B.2 of the GCGC, the Supervisory Board is also in charge of planning its succession. To this end, discussions are conducted within the Supervisory Board as needed.

Implementation of equal participation and diversity

In accordance with applicable statutory provisions, the Supervisory Board and Management Board defined minimum quotas as of June 30, 2017, for the representation of women on the Supervisory Board and Management Board as well as for the first and second senior executive levels. The targets must be met by June 30, 2022. These quotas are as follows: 0% or more for the Supervisory Board and Management Board, 4% or more for the first senior executive level, and 5% or more for the second senior executive level. There are no women on either the Supervisory Board or Management Board at present. At the first senior executive level, the share of women was increased from 4% to 7% in fiscal year 2020. At the second senior executive level, that share remained steady at 6%. Elmos therefore fulfills all determined quotas for the share of women at Elmos and complies with statutory provisions. All data refer to the employees of Elmos Semiconductor SE in Germany as of December 31, 2020.

Elmos pursues a diversity concept based on non-discrimination to determine the composition of the Management Board and the Supervisory Board. The objective of this concept is to achieve appropriate diversity in terms of professional experience and backgrounds (particularly with respect to industries, regions, and company affiliation), educational backgrounds, and personal character traits. These aspects were taken into account to determine the current composition of these bodies. As a matter of principle, a person's suitability for a task is the deciding factor for employment with the Company, irrespective of their gender, cultural background, nationality, religious affiliation, worldview, disability, age, or sexual orientation.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders make use of their rights at the Annual General Meeting. They receive the agenda, information regarding participation,

Declaration of compliance with the German Corporate Governance Code 2020

Management Board and Supervisory Board of Elmos Semiconductor SE declare in accordance with Section 161 AktG (German Stock Corporations Act):

I. Statements with respect to the future

Elmos Semiconductor SE will comply with the recommendations of the "Government Commission German Corporate Governance Code" (in short: GCGC) in its latest version of December 16, 2019 (released in the official section of the Federal Gazette on March 20, 2020) as of now, subject to the following exceptions:

- > No age limits will be defined for members of the Management Board and for members of the Supervisory Board (GCGC Recommendations B.5 and C.2). The Supervisory Board decides on the suitability of the members of the Management Board. Appointing the members of the Supervisory Board is the responsibility of the Annual General Meeting; thus the Annual General Meeting also decides on the Supervisory Board's age structure.
- > The Company holds the view that at least one member of the Supervisory Board shall be independent. The Company regards any stricter requirements as not appropriate (GCGC Recommendation C.7).
- > The Company holds the view that the Chairman of the Supervisory Board does not have to be independent as defined by the GCGC (GCGC Recommendation C.10). Supervisory Board membership of many years or significant share ownership e.g. are not general obstacles to performing the duties of the Chairman of the Supervisory Board.
- > The rules of procedure of the Supervisory Board are not made public on the Company's website (GCGC Recommendation D.1) as the procedural arrangement determined therein is considered irrelevant to an assessment of the Company.
- > The determination of the remuneration of each member of the Management Board complies with current statutory requirements. Any stricter requirements or more specific definitions are not considered expedient at present (GCGC Recommendations G.1 and G.2). The requirements of the Second Shareholders' Rights Directive (ARUG II) will be complied with in observance of the statutory timeframe.
- > The Supervisory Board determines the remuneration of the members of the Management Board at its reasonable discretion. No benchmarking surveys to be prepared especially for Elmos Semiconductor SE will be commissioned (GCGC Recommendation G.3). Employee remuneration will not be analyzed specifically for the sole purpose of determining Management Board remuneration (GCGC Recommendation G.4). The Supervisory Board utilizes remuneration surveys and benchmarks of other companies instead as well as taking into consideration the existing employee remuneration level and

typical changes in remuneration over time. With respect to analyzes going beyond that scope, the Supervisory Board does not recognize a corresponding benefit of the increased effort.

- > Variable Management Board remuneration based on achieving long-term targets does not necessarily exceed the remuneration component based on short-term target achievement at any time (GCGC Recommendation G.6). Respective individual agreements with the members of the Management Board apply.
- > There are no provisions to govern that variable remuneration granted to members of the Management Board shall be invested predominantly in the Company's shares or paid by way of share-based remuneration (GCGC Recommendation G.10). Respective individual agreements with the members of the Management Board apply.
- > Management Board employment contracts do not provide for caps on severance payments in case of premature termination of Management Board membership (GCGC Recommendation G.13). The Supervisory Board holds the view that the appropriate amount of a severance payment can only be determined by an agreement to be concluded in the individual case.

II. Statements with respect to the past

The recommendations of the GCGC in its version of February 7, 2017 announced by the Federal Ministry of Justice in the official section of the Federal Gazette on April 24, 2017 have been complied with since the release of the declaration of compliance in September 2019 with the exceptions mentioned therein under I. and the following additional exceptions:

- > GCGC No. 4.2.3 sentence 7 (cap on Management Board remuneration regarding total remuneration as well as variable remuneration components) has not been fully complied with anymore due to a stock award.
- > GCGC No. 5.4.1 sentence 3 has not been fully complied with anymore since the age limit for Supervisory Board members was suspended in December 2019.

Dortmund, September 2020



On behalf of the
Supervisory Board
Dr. Klaus Weyer
Chairman of the Supervisory Board



On behalf of the
Management Board
Dr. Anton Mindl
Chief Executive Officer

and, upon request, the Annual Report in good time. The relevant documents relating to the upcoming and past Annual General Meetings, as well as further information on participation in and voting at the Annual General Meeting, are available on our website – also in English – or can be requested from the Company. Shareholders who cannot attend the Annual General Meeting in person have the option to assign their voting rights to proxies nominated by Elmos. Due to the COVID-19 pandemic, shareholders were only able to attend the Annual General Meeting virtually in 2020. Attendance decreased only slightly from 79% to 76% compared to the most recent in-person event in 2019. Subject to any subsequent resolutions providing otherwise by the Supervisory Board, and in view of the expected development of the pandemic, preparations are being made for a virtual Annual General Meeting once again in 2021 so as to ensure a high degree of certainty regarding the ability to hold the event.

Dates of importance to the shareholders are published annually in a financial calendar. All quarterly statements, interim reports, and Annual Reports can be found at www.elmos.com. The Management Board regularly provides information on the current development of the Company to analysts and investors within the framework of road shows, conferences, and other events. The investor relations team is also available for any questions the shareholders may have.

RISKS

Responsible risk management contributes to the success of sound corporate governance. The Management Board regularly provides the Supervisory Board with information about risks. Information about the early risk detection and internal control system can be found in the combined management report under “Opportunities and risks.”

AUDIT

Before submitting the proposal for the appointment of the auditor, the Supervisory Board again obtained a declaration of independence from the auditor for fiscal year 2020. This declaration furnished no doubts about auditor independence. Compliant with No. D.9 GCGC, the Supervisory Board arranged for the auditor

to inform without delay about material findings and incidents to occur during the performance of the audit. Compliant with No. D.10 GCGC, the Supervisory Board also required that the auditor inform the Supervisory Board or make note in the audit report if the auditor detects deviations from the declaration of compliance as issued by the Management Board and the Supervisory Board. No inconsistencies of this kind were found. Pursuant to No. D.11 of the GCGC, the Supervisory Board regularly performs a quality review of the audit.

SHARE-BASED PAYMENT PROGRAMS

Elmos has created share-based payment programs for senior executives and Management Board members. The stock price is a central criterion for our shareholders when it comes to investing in the Company. The linking of certain remuneration components to the stock price is therefore an incentive for beneficiaries. More information on this topic can be found in the notes to the consolidated financial statements.

REMUNERATION REPORT

The remuneration report can be found in the combined management report under “Legal information.”

MANAGERS’ TRANSACTIONS

Persons who hold executive positions with an issuer of stock (for Elmos, the members of the Management Board and Supervisory Board) and persons associated with them are obligated by law to disclose transactions involving the Company’s stock or debt instruments or financial instruments linked to the Company’s stock or debt instruments pursuant to Art. 19 (1) MAR (Market Abuse Regulation). Reportable securities transactions, known as “managers’ transactions,” are announced immediately upon notification Europe-wide and released at www.elmos.com.

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.

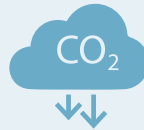
Effective resource management is important for both the environment and the economy. One example of this is our gas-powered CHP (combined heat and power plant), which allows us to generate a substantial share of our power requirements ourselves while utilizing the heat produced for heating our buildings 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.

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.

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

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.