

NON-FINANCIAL REPORTING (CSR-REPORT)

Declaration of Compliance of First Sensor AG for Fiscal Year 2020

Dear shareholders and business partners,

The year 2020 upset many familiar routines. Infection protection dominated many decisions, whether in favor of working from home and lessons via digital technology or against vacation trips and attending major events. The environment has benefited, as CO₂ emissions were well below the target levels for climate protection. It was and is a period of economic and technological upheaval, with increasing numbers of people desiring a more sustainable economic system and way of life at the same time. ESG (environmental, social, and governance) concerns, have now arrived in the mainstream of the capital market. Besides environmental aspects, the coronavirus pandemic also had an impact on social issues. The distribution of the vaccine, which is still scarce in this initial phase, demands fairness across national borders. And, last but not least, the financial scandal surrounding Wirecard put the issue of "good governance" in the spotlight. In 2020, sustainability, in all of its facets, took its place at the heart of society.

In this CSR report we will again disclose the aspects that are of particular significance within our company. The term CSR, i.e. corporate social responsibility, encompasses more than environmental protection measures. It is rather a question of acting in a sustainable manner and taking responsibility for our company's impact on society. In view of this, our CSR activities are oriented toward a long-term contribution rather than short-term effects.

When preparing this report for the period from January 1 to December 31, 2020, we were once again guided by the format of the German Sustainability Code. However, as in the previous year, we also worked within the framework of the GRI standard; some references in the text therefore refer to this. The CSR report by First Sensor is published together with the Annual Report 2020. Nevertheless, it is conceived as a self-contained report, which makes no reference to passages of the annual report. On the one hand, this complies with the format of the German Sustainability Code and, on the other, it makes the report coherent for readers. We thank you for your interest.

The First Sensor CSR Team

Main issues

General information

As at December 31, 2020, the First Sensor Group consists of the parent company First Sensor AG, based in Berlin, and three subsidiaries (GRI 102-1). The company has been listed since 1999. Since 2020, TE Connectivity Sensors Germany Holding AG has been the largest shareholder in First Sensor AG with nearly 72% (GRI 102-5); there is a profit and loss transfer agreement in place between the companies.

In fiscal year 2020, First Sensor generated sales of €154.8 million with an average of 962 employees (862 FTEs) (GRI 102-7). The DACH region accounted for 51.3% of sales, while sales generated from customers in the rest of Europe accounted for 21.1%. 10.1% of sales are attributable to North America and 16.8% of sales were generated in Asia (GRI 102-6). As at December 31, 2020, the Group's total assets amount to €179.8 million, while the equity ratio stands at 75.4% (GRI 102-7).

In the growth market of sensor systems, First Sensor develops and manufactures standard products and customer-specific solutions for the ever-increasing number of applications in the Industrial, Medical, and Mobility target markets (GRI 102-6). The portfolio of standard products is supplemented by products from partner companies.

First Sensor is characterized by two core competencies within these fields. Firstly, the company specializes in detecting physical parameters thanks to the design and manufacture of its silicon-based sensor chips. Secondly, it uses its expertise in microelectronic layout and connection technology to continue to process the sensor chips with the best "form factor" for the application. In this context, First Sensor is an expert in the areas of photonics, pressure and advanced electronics. In addition, First Sensor is generating growth in its target markets through new applications such as system solutions (so-called sensor systems), for example. They not only measure but also respond intelligently to the measurement results and communicate with other systems (GRI 102-2).

As the use of some products for military purposes cannot be ruled out, First Sensor supplies customers abroad in compliance with sanctions and export control restrictions. To this end, First Sensor checks both during the process of initiating new business and before delivery with the aid of technical product parameters, information about the customer, and evidence of intended use, effectively preventing the inadmissible supply of products in the event of anomalies (GRI 102-2).

Employees (GRI-102-8)

In the context of the coronavirus pandemic, the number of employees at First Sensor fell slightly in 2020. The number of permanent employees declined by 4.7% to 862 FTEs (full-time equivalents). The proportion of women remained largely stable at 34.9% (previous year: 35.5%). To handle fluctuations in utilization and temporarily fill vacant positions, First Sensor works with temporary employment agencies that meet general quality standards. It is not uncommon for the temporary staff employed to subsequently enter into an employment relationship. However, due to measures such as short-time working in particular, the proportion taken on permanently in the last fiscal year amounted to only 11.1%.

Number of employees	Permanent employees (m/f/d)	Temporary employees (m/f/d)
Germany	534/247/0	37/83/0
Rest of Europe	28/2/0	1/9/0
North America	15/06/0	0/0/0
Total	577/255/0	38/92/0

First Sensor offers staff a variety of working time models to take into account the wishes and needs of employees due to the demands of family life or dependents requiring temporary care, as far as possible. This approach stems from our conviction that the happiness of employees has a direct effect on their level of commitment and motivation. The proportion of part-time employees fell to 13.5% in fiscal year 2020 (previous year: 15.5%).

	Full-time employees (m/f)	Part-time employees (m/f/d)
Germany	565/308/0	14/11/0
Rest of Europe	32/11/0	0/0/0
North America	15/06/0	0/0/0
Total	612/325/0	14/11/0

Strategic analysis and measures

The various aspects of sustainability can be seen in a variety of activities performed by the companies of the First Sensor Group. Long-term business success is thus combined with environmental and social responsibility as sustainable business practices contribute to orientating the company for a successful future as well as making it an attractive employer and a good neighbor at its locations.

In addition to the traditional areas, such as energy conservation measures and the reduction of water consumption or prevention of waste, many locations engage in lively dialog with their local areas. It was possible to implement various formats in 2020, even under pandemic conditions, such as a blood donation drive at the Berlin-Oberschöneeweide location. Girls Day, the idea of which is to get young women involved in STEM careers, and the Long Night of Industry, aimed at the interested public in general, had to be postponed. The bottom-up approach is also to be further developed and harmonized with TE Connectivity's Group standards in future (GRI 103-2) with the aim of defining a common strategy for the entire Group (GRI 102-14).

First Sensor also uses its products to make a contribution to sustainable development, for example, in medical technology or in looking for solutions for safer and more environmentally friendly mobility. Sustainability is also important because it provides business opportunities. The corresponding risks are carefully minimized and monitored.

Transparency, as provided by this report for example, is important to the company. This is one reason why First Sensor actively seeks dialog with its stakeholders based on the belief that understanding and trust can only grow through dialog (GRI 103-2).

Internal guidelines were adopted some time ago in order to give this trust a basis. These guidelines encompass not only the mission statement and values of the Group, presented in a way that is understandable for everyone, but also include a code of conduct that stipulates how it should deal with customers, suppliers, employees and other stakeholders. This means that every employee and every manager knows the expectations of the company in terms of the legal and ethical standards of their actions.

Furthermore, the standards First Sensor applies orient it toward internationally recognized principles and guidelines (GRI 102-12). These include:

- The German Corporate Governance Code
- The Universal Declaration of Human Rights
- ILO Core Labor Standards
- The UN Guiding Principles for Business and Human Rights
- The ten principles of the UN Global Compact

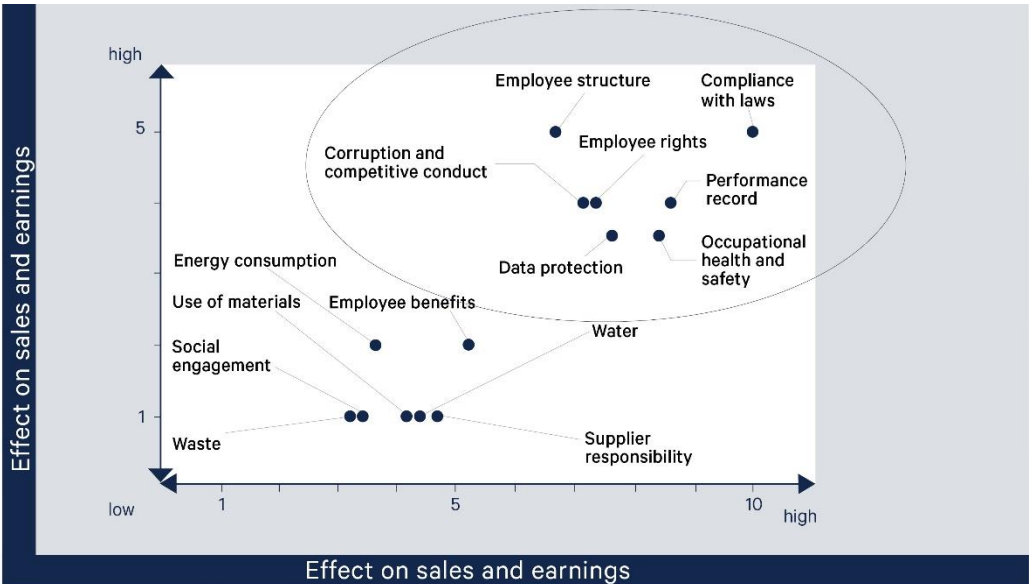
The sustainability report is not audited by third parties. However, the Supervisory Board reviews the lawfulness, correctness, and expediency of the sustainability reporting in accordance with the legal provisions (GRI 102-32).

Opportunities and risks

As a listed company, First Sensor has established a risk and compliance management system as an integral part of corporate governance (GRI 102-11). First Sensor AG's Executive Board is responsible for ensuring it is effective, while the Supervisory Board advises on and monitors this. At First Sensor, risk and compliance management are linked together and mapped in a permanent Group-wide Enterprise Risk Management (ERM) process covering all locations and business divisions. The Group's opportunity situation is also surveyed quarterly in a systematic process in and parallel to the risk situation and incorporated into business decisions.

Materiality

As a foundation for the development of a sustainability strategy, First Sensor carried out a materiality analysis by means of a structured survey of internal stakeholders (employees, managers, and works council) and external stakeholders (representatives of customers and suppliers, partners, associations, and politics, the general public and the capital market) (GRI 102-15). In 2018, the analysis was expanded to evaluate the influence of individual factors on the company. The combination of sales and earnings was used as an equivalent measure of performance (GRI 102-49). As neither the stakeholder structure nor First Sensor's focus has changed significantly since then, this materiality analysis continued to be taken as a basis for First Sensor's CSR alignment in fiscal year 2020.



The graphic shows the result of the materiality analysis: The summary assessment of all stakeholders was mapped on the x-axis and the identified possible effect on sales and earnings on the y-axis. All the issues in the circled area are top issues that First Sensor is focusing on in particular.

Taking the impact assessment into account, the following issues remain of particular importance for First Sensor (in descending order of importance):

- Compliance with laws
- Employee structure
- Performance record
- Employee rights
- Corruption and competitive conduct
- Data protection
- Occupational health and safety

These issues were allocated to the following blocks:

Economic performance

– Performance record (GRI 201)

Society

– Occupational health and safety (GRI 403)

– Employee rights (GRI 202-1, 401-3, 402-1, 404, 405, 406)

– Employee structure (GRI 401-1)

Compliance

– Compliance with laws (GRI 307, 419)

– Data protection (GRI 418)

– Corruption and competitive conduct (GRI 205, 206)

Some issues that were classified as less relevant in the materiality analysis will nevertheless be followed up. First Sensor believes that sustainable actions start as early as when selecting business partners. Therefore the focus on suppliers' responsibility for environmental and social matters will be maintained (GRI 308, 414).

The materiality analysis is to be regularly reviewed in terms of the selected criteria and their potential effect on the development of the company in order to adjust the strategy and measures initiated where necessary in the event of significant changes.

Goals

In accordance with the analysis of material aspects, First Sensor will develop goals for the short and medium-term focus of the associated activities (GRI 103-2). In light of the business combination with TE Connectivity, this is also part of the integration processes.

Depth of the value chain

As a manufacturer of chips, sensors and sensor systems, First Sensor purchases considerable amounts of raw materials, components and services from suppliers (GRI 102-9). The total volume amounted to €70.9 million in 2020 (previous year: €75.3 million). Sustainability is playing a steadily growing role in First Sensor's business relationships, because customers are increasingly including the company in the implementation of their sustainability strategies, and First Sensor is in turn calling upon its suppliers to collaborate on the achievement of sustainability targets (GRI 103-2). This ensures that aspects pertaining to sustainability are actively anchored throughout the entire value chain.

Customers often expect a declaration of compliance with a code of conduct as soon as business relations are initiated, but also in contracts. First Sensor therefore also includes suppliers in its sustainability strategy (GRI 103-2). As a result, this is a concrete element of procurement management to oblige suppliers to comply with certain minimum standards. Before a business relationship is commenced, potential suppliers receive a comprehensive questionnaire which, in addition to general company information, also contains questions on aspects such as procurement, warehousing, and packaging policies, environmental management, and dealing with the RoHS and REACH directives, as well as a statement on the Dodd-Frank Act. In addition, new supply partners must agree to follow the code of conduct for suppliers, unless they have established an adequate code of their own. Suppliers undergo inspections during supplier audits (GRI 102-10). These inspections look at issues such as the ecological quality of upstream products and suppliers' compliance with minimum social and environmental standards (GRI 413-2).

Another positive aspect in terms of sustainability is the long service life of First Sensor products. As "distributors" within the meaning of the regulations, customers are conscientiously informed about responsible disposal. In accordance with the requirements of the German Electrical and Electronic Equipment Act (ElektroG), First Sensor has registered with the national register for waste electric equipment (stiftung ear) and is working with an external service provider to implement the legal requirements. The analysis did not identify any business activities of First Sensor with a significant actual or potential negative impact on the local community (GRI 413-2).

Responsibility

The subject of corporate social responsibility (CSR) and the responsibility for the development of a sustainability strategy rests with the Executive Board. The large number of Group-wide activities is managed by various departments. Monitoring and management of ecological aspects and compliance are focus areas of the Corporate Quality, Safety, Health and Environment (QSHE) department, while social issues are assigned to the areas of HR and Corporate Communications (GRI 102-20). The entire team develops the CSR strategy in accordance with the triad of economic, environmental and social responsibility and is in charge of its implementation (GRI 102-26). It is responsible for communicating the objectives agreed upon with the Executive Board and attracting the necessary level of attention at all levels of the company. The business combination with TE Connectivity will lead to a harmonization of Group guidelines in this respect in 2021.

The team also launches new projects, reports on their status, initiates measures and coordinates their implementation within the company.

In accordance with the legal provisions, the Supervisory Board reviews the lawfulness, correctness and expediency of the sustainability reporting (GRI 102-32). This also includes the annual review of the effectiveness of the risk management processes with regard to economic, environmental and social issues (GRI 102-30, -31).

Rules and processes

First Sensor uses a management handbook to implement regulations and processes that are applicable across the Group. This instrument is also suitable for supporting the implementation of a sustainability strategy (GRI 103-2). Based on the principle "as centralized as necessary, as decentralized as possible," rules, processes and structures that clearly regulate responsibilities across the Group in the form of guidelines and clear instructions are provided for various areas here.

Control

First Sensor AG is currently engaged in a process of gradually defining performance indicators for the material action areas identified (GRI 102-31). Besides economic performance, the issues that were identified as part of the materiality analysis also include society and compliance. Parameters that are expected to help with management and monitoring of the issues are to be part of future reports.

An essential requirement for business success is the responsible management and monitoring of the company. The guiding principle for this is the German Corporate Governance Code presented by the Government Commission. First Sensor effectively fulfills the requirements of the code, providing reasons for any deviations in the annual declaration of compliance.

First Sensor has Group-wide guidelines that describe its values, principles and standards and are binding for all employees (GRI 102-16). This includes the mission statement, which sets out the jointly defined Group-wide values of innovation, excellence and proximity for the company. In addition, the Code of Conduct describes First Sensor's expectations of honest work, i.e. legally correct work characterized by ethical principles. It furthermore contains information on the various ways to provide information, including anonymously, to the responsible person at First Sensor in the event that violation of the code or compliance requirements is suspected. There are plans to harmonize the existing guidelines at Group level as part of the integration with TE Connectivity.

In addition, a supplier code has been developed based on the Code of Conduct which expresses the expectation that suppliers and business partners should also align their actions with the principles of the Code of Conduct. In 2020, First Sensor began to check compliance with the supplier code as part of supplier audits and to evaluate them systematically. In 2021, it plans to adopt the guidelines of TE Connectivity.

In important cases, such as suspected compliance violations by members of the Executive Board, the Supervisory Board is informed directly. This also applies for any concerns that employees may have regarding the implementation of the sustainability system (GRI 102-33). In fiscal year 2020, there were no suspected cases or findings reported to the Supervisory Board (GRI 102-34).

Incentive systems

The remuneration system for the Executive Board of First Sensor AG is intended to promote value-oriented business management geared toward sustainably increasing the company's success. This includes remuneration in line with the market and an incentive system that is geared toward the achievement of ambitious and not only short-term targets. The Supervisory Board determines the remuneration, taking into account the duties of the respective member of the Executive Board, their personal performance, and the financial situation and success of the company. It reviews the achievement of targets on an annual basis that were agreed upon. The elements of the remuneration system also include a long-term component in the form of share option plans or comparable instruments. Further details can be found in the consolidated management report and the remuneration report (GRI 102-35). It is intended that a new remuneration system will be presented to the shareholders at the 2021 Annual General Meeting for approval.

In addition to a fixed salary, the company's managers, as well as some employees, also receive variable remuneration based on the achievement of company goals as well as operating and personal objectives. Members of the Supervisory Board are remunerated as established in the Articles of Association. There continues to be no provision for a component oriented toward sustainability here.

Performance-oriented remuneration in line with the market is important to First Sensor (GRI 102-36). Otherwise, it would not be possible to ensure the company's need for motivated staff in the competition for talented employees. However, the company still does not consider a vertical comparative analysis between the highest remuneration within the company and that of other employees (GRI 102-38) to be an appropriate way to assess the fairness of First Sensor's remuneration system.

Stakeholder participation

Dialog with stakeholders with regard to economic, environmental, and social issues is the responsibility of the Executive Board (GRI 102-21). If required, the Supervisory Board is also available to answer any questions, e.g. for investors, as stipulated in the Corporate Governance Code. This dialog is an integral part of the management agenda.

As a commercial enterprise, First Sensor is closely integrated into the value chain of its suppliers and customers. Supplier and customer audits help to create a tightly knit relationship that leads to the interactive exchange of information on sustainability topics.

As an employer, the Group has a social commitment and seeks to employ the best employees in a market where there is a shortage of specialists. Participation in job and trade fairs allows the company to position itself as an attractive employer. In fiscal year 2020, the company participated in only three job fairs and seven national and international trade fairs, partly in virtual form, owing to the coronavirus pandemic. Thanks to its close cooperation with research institutions and membership of professional bodies, First Sensor is able to identify technological changes at an early stage and respond appropriately.

First Sensor is integrated into the immediate environment at its different locations and has contact with the authorities and the respective local neighborhoods. Various formats exist to keep these different stakeholder groups adequately informed and promote dialog. For the acquisition of young talent, these include Girls Day, Parents on Tour activities, student internships, open days and close contact with local universities. In fiscal year 2020, it was predominantly possible to implement only those measures that could proceed hand in hand with hygiene protection precautions, e.g. numerous internships. Furthermore, First Sensor is also particularly engaged on a social level, supporting, for example, schools and charities with which it has a specific connection via its employees.

Last but not least, the capital markets and financing banks are informed about First Sensor's sustainability policy comprehensively and in good time. In accordance with the disclosure requirements relevant to listed companies all relevant information is also available on the company's website. Shareholders can also exercise their rights of information and consultation directly at the Annual General Meeting. The company presents itself and,

there, also discusses aspects of sustainability at events for investors and media representatives, such as the annual press conference and analyst events.

Product and innovation management

First Sensor develops sensors and sensor solutions, from the chip to the entire sensor system. In fiscal year 2020, €9.7 million was invested in research and development (previous year: €10.2 million). With its products, the company also supports its customers in making their processes more efficient and environmentally friendly, by providing greater energy efficiency and ensuring reduced emissions, for example.

In several decentralized applications, energy consumption is a key criterion to fulfill customer requirements and secure competitive advantages for both product buyers and the company itself. This is why great emphasis has been placed on the energy consumption of sensors and sensor systems in the development process. However, despite First Sensor's contribution the energy consumption of applications in which sensors and sensor systems are ultimately used is often several times higher. Overall, the contribution towards energy savings from First Sensor only fluctuates in the permille range compared with the energy requirements of the end products (GRI 302-4). The social and environmental impacts of the key products have not yet been determined (GRI 416-1).

With regard to its own activities, the company focuses on reducing environmental impacts by using energy, resources and materials as efficiently as possible, especially in production. The employees make a significant contribution when it comes to potential improvements. Thanks to an extensive knowledge of the processes, their ideas can provide vital information. Therefore, a software-based system was developed for a company suggestions scheme that provides a structure for examining employees' suggestions for improvements and implements those deemed suitable for operations with the employees. This system is being introduced for the pilot location Berlin-Weißensee and is subsequently also to be used by other locations. The idea of incorporating employees' suggestions is not only intended to reduce the environmental impact of the company's activities but is, of course, also in the company's economic interest.

Product specifications are very closely aligned with customers and market requirements during development in order to rule out use of the products having a negative impact on customers and the environment.

Environment

Use of natural resources

Two production locations (First Sensor AG, Berlin-Weißensee location, First Sensor Microelectronic Packaging GmbH) have already implemented an environmental management system in accordance with ISO 14001. Beyond this, however, the potential for First Sensor to have an influence along the value chain is limited. It is therefore not possible to use raw materials obtained from a recycling process, for instance (GRI 301-2). The company does not collect information about the resource consumption of its products in customer applications, such as energy consumption (GRI 301-2).

The question about what environmental impacts the company's activity has cannot currently be answered in detail as of yet either (GRI 103-2). As the materiality analysis has not given any indication of the increased relevance of issues such as input and output of water, land, waste, energy, surfaces, biodiversity, and emissions for the lifecycle of products and services, these issues were deferred initially. However, since 2020 data on 14 aspects from the areas of water, waste and energy has been gathered on a regular basis and evaluated by TE Connectivity.

The responsibility of suppliers for environmental issues is a concrete element of the procurement process (GRI 308-1). Inquiries are made regarding aspects of environmental management via supplier self-disclosure and provide an indication of where there are actual or potential adverse effects on the environment due to suppliers' activities. On this basis, steps can be taken to prevent, reduce or eliminate these impacts. The set of criteria is continually reviewed.

Resource management

First Sensor identifies the qualitative and quantitative objectives the company would like to use to achieve resource efficiency, for the use of renewable energy, the increase in raw material productivity and decrease in the use of ecosystem services and how these objectives must be attained. As the materiality analysis does not identify a high level of relevance in this area either, the priority is to follow up on other issues for the time being. However, it is known from current surveys that no surface water, water from wetlands, rivers, lakes or oceans, groundwater, rainwater or waste water from other companies is used at the Group's locations – only water from the municipal suppliers (GRI 303-1).

Climate relevant emissions

Reducing greenhouse gas emissions as a result of energy consumption is a key aspect of climate protection and limiting climate change. However, internal and external assessments of this issue have not given any indication that First Sensor has an opportunity to make a material contribution here. Considerations as to how to save energy are nevertheless included at many points in the processes as this is necessary from an ecological and economic standpoint. Relevant values relating to emissions – with the exception of greenhouse gases caused by the use of certain coolants in air conditioning systems – are not systematically recorded at present (GRI 305-1).

SOCIETY

Employee rights

As a company whose highly qualified and motivated employees are a decisive factor for future success, First Sensor does not limit itself to compliance with only the minimum standards of national and international standards. The health of and professional training opportunities for employees are key issues, which are of significant importance in the area of strategic HR management in order to bind the best talents to the company in the long run. Of course, this includes anti-discriminatory recruitment and a work environment in which diversity is perceived as an asset every day (GRI 103-2, 406-1). The Diversity Charter was signed in 2018. Furthermore, the Code of Conduct expressly states that discrimination is not tolerated. No incidents of discrimination were reported in the reporting period.

The Group's companies are not bound by collective wage agreements. One Berlin location is subject to a time-limited company collective agreement. For the remaining locations, negotiations with the works councils are currently being held in order to replace the existing grading system with TE's global job framework methodology. The final implementation is planned for 2021. In addition, agreements are negotiated with the respective employee representation bodies and recorded in works agreements (GRI 102-41).

The materiality analysis assigned the aspect of occupational health and safety (GRI 403-1, -2, -3) a high priority. The physical well-being of employees and safety at work play a significant role within our HR work, too. All employees are made aware of and sensitized to the individual hazards at their place of work, which is supported by intensive training and seminars. First Sensor enacted an HSE management policy and implemented it at five locations at the beginning of 2019; implementation at the sixth location is planned for 2021. The policy creates a shared understanding, defines basic processes and stipulates powers and responsibilities with regard to the issues of occupational health and safety and environmental protection. In 2020, intensive audits were carried out at all German locations and identified potential for improvement. The findings, including shortcomings both in the management system and at operational level, are now being worked through. For example, holes in the CE conformity of the machinery are to be closed in order to increase safety. As all areas of HSE management are heavily regulated by law, the policy also ensures that these requirements are met. The effectiveness of the policy in practice is supported by the HSE software Quentic. This database tool provides a means to create legal, permit and hazardous materials registers. The program is also used to carry out the risk assessments required by law. All employees can complete their compulsory annual general occupational health & safety instruction online in Quentic, which ensures very high quality and saves resources.

Where required, employees are provided with appropriate personal protective equipment. Hazardous substances, such as those used in production, are labeled appropriately and according to regulations. This is to prevent chronic and acute illnesses. Noise is avoided as far as possible or appropriate protective measures taken. Of course, every employee is entitled to refuse to perform any work that he/she considers to be dangerous. At the same time, information of this kind is valuable because it highlights opportunities to identify weak areas and remedy them as soon as possible.

First Sensor is obligated to report accidents at work. However, the reporting obligation applies only to accidents that lead to an incapacity to work of more than three days (GRI 403-2). Monthly analyses are prepared in order to monitor occupational health and safety even more closely. In total, 127 reports were submitted in fiscal year 2020. 54 concerned "unsafe situations and near misses" and 73 concerned "real accidents". It was possible to handle 58 of these accidents with first aid, while 15 accidents resulted in a visit to the doctor's office and some loss of working hours.

Additional measures aimed at better protection of health have been introduced, particularly at the production locations. These include free fruit baskets and drinks, flu vaccinations, blood donation drives, additional clothing for industrial employees, hand sanitizers, and the organization and promotion of sports events (e.g. back training).

In fiscal year 2020, an operational coronavirus pandemic plan was implemented. It is based on the "Handbuch Betriebliche Pandemieplanung" (corporate pandemic planning handbook) from the Federal Office of Civil Protection and Disaster Assistance (BBK) and consists of team formation, risk analysis and assessment, derivation of measures, and a communication concept. Building on that, a hygiene concept, corresponding checklists, and information materials were developed and implemented. Thus it was possible to adopt differentiated measures in line with the assessment of the risk situation and equip the employees with filtering facepieces or FFP2 masks, for example.

Equal opportunities

First Sensor supports all initiatives that contribute to preserving and promoting equal opportunities and diversity within the company. Equal opportunities do not only apply in relation to men, women, and other gender identities, but also in relation to younger and older employees and colleagues of different religions, cultural groups, and skin colors, for example. The impartial integration of people with disabilities in the work process naturally contributes to this as well.

Owing to the aging structure, it is also important to create the conditions required to help employees find a healthy work-life balance. This includes efforts to make individual working hours more flexible via flexitime, part-time, and temporary home-working solutions. Furthermore, it goes without saying that women and men receive the same wages for the same work. 34.9% of employees are women, which is an excellent ratio for a high-tech company. The new global job framework also creates the conditions for continuing to assess all positions within the company with zero discrimination.

In the 2020 calendar year, no information was requested in accordance with the German Wage Transparency Act. Since 2019, further information on pay transparency at First Sensor has been provided in an annual report, which is available on the website.

Since First Sensor currently has locations only in countries that have similarly high standards, the aforementioned declarations concerning equal opportunities affect all company locations (GRI 102-4).

The materiality analysis indicated that issues surrounding employee rights are highly relevant. These include the application of the German Minimum Wage Act, experiences of parental leave, the involvement of the works council in key organizational decisions, training and education, diversity within the corporate bodies and among employees, remuneration of male and female employees, and discrimination in general (GRI 202-1, 401-3, 402-1, 404, 405, 406). First Sensor is fully aware of its responsibility and takes into account all the relevant regulations, including in its own interest. Since 2019, one man and one woman have sat on the Supervisory Board as representatives of the employees.

Qualifications

Training and education is a high priority at First Sensor as it ensures that employees can always meet the increasing challenges of their professional environment. However, under the framework conditions of the pandemic, only €131 thousand (previous year: €466 thousand) was spent on relevant measures in fiscal year 2020 (GRI 404-1). First Sensor is also a qualified training organization. Based on long-term personnel planning, the aim is to cover the requirements for talented young staff members by also providing high-quality, needs-based training in the company's own ranks. First Sensor provides professional training for micro-technologists (21), industrial clerks (7), specialists in warehouse logistics (2), mechatronics engineers (1), and IT system integration specialists (1). Therefore, 32 apprentices were employed at the company at the end of 2020 (previous year: 30). First Sensor concentrates primarily on Berlin when fostering new talent; the apprentice ratio there is now 4.9%, which is still considerably higher than the average of 3.2% calculated for Berlin at the end of 2018. In Dresden the ratio is 5.4%, with ten apprentices at First Sensor Microelectronic Packaging GmbH, which merged with First Sensor AG in fiscal year 2020. Across all its German locations First Sensor is now achieving a ratio of 3.6%.

Only 31.3% of employees at the First Sensor Group are over 50 years old. Nevertheless, the Executive Board is aware that this is no reason to ignore the challenges of demographic trends in the long run.

Below 30 years of age	15%
Age 31-40	33%
Age 41-50	21%
Above 51 years of age	31%

At 38.1%, First Sensor has a comparatively high proportion of academics for a production company due to the high technological demands.

Human rights

The company's own Code of Conduct ensures that human rights, fundamental principles and employment rights are fully recognized, supported and promoted by First Sensor wherever possible. Among other things, this means the company's support for the protection of international human rights and its efforts to ensure to the best of its knowledge and beliefs that it is not complicit in human rights violations (GRI 412-2). Due to the regional distribution of the locations of First Sensor and the statutory provisions applicable there, it can be ruled out that the employee rights to freedom of association or collective bargaining could have been potentially violated or seriously threatened. The same applies to the business locations and, if applicable, to the investment agreements and contracts that do not contain any human rights clauses due to the regional focus of the business and/or that have not been reviewed in terms of human rights aspects as the appropriate standards can be expected (GRI 412-1, -3).

Suppliers from regions considered to be at risk in respect of human rights violations are reviewed as part of the usual supplier surveys (GRI 407-1). Relevant reviews can be carried out as part of the reorganization of supplier management (GRI 414-2). The intention to abolish all forms of forced labor and child labor and to eliminate discrimination in recruitment and employment are a matter of course. These principles are conveyed in the supplier code as expected behavior among partners in the supply chain.

Community

It is not only the shareholders of the listed stock corporation, but also many other groups that benefit from sustainable business development, including customers, employees, suppliers and, not least, society in general. Last year, a total of €18.9 million (previous year: €12.4 million) was paid in taxes in Germany alone. This amount comprises all types of taxes that First Sensor was required to pay. The materiality analysis concluded that the economic performance of First Sensor is extremely relevant for internal and external stakeholders.

The economic value generated and its distribution are shown below in the value added statement for fiscal year 2020 (economic value generated and distributed, GRI 201-1):

in € million	
Sales revenues	154.8
Financial results	-1.8
Other operating income	49.3
Achieved economic value	202.3
Operating expenses	-87.3
Depreciation and amortization	-11.5
Net economic value generated	103.5
Personnel expenses	-49.5
Financial expenditure	-2.0
Distribution to shareholders	-2.1
Payments to public authorities	-1.0
Donations	0.0*
Distributed economic value	-54.5
Balance retained by the company	49.0

* The amount of donations was €200. Due to the presentation in million euros, this results in a rounding to €0

This economic contribution safeguards jobs with First Sensor and its suppliers and enables shareholders to share in its economic success. Moreover, the company is supporting local charitable initiatives. Social activities are implemented in three main areas under the banner of "First Sensor helps." This includes (1) showing appreciation of voluntary work by employees via a donation to the organization they are supporting as well as (2) supporting activities at the locations, such as donating PCs to a local school, and (3) supporting an overarching social issue or a charitable organization. Voluntary work by employees (1) was supported in two cases in 2020. Support for activities at the locations (2) was continued in 2020 with support for three initiatives. Only measures for Group-wide social engagement were not implemented in 2020 (3).

Political influence

First Sensor does not exert political influence based on basic considerations and does not give donations to political parties (GRI 415-1). First Sensor is a member of various initiatives and associations. This network primarily serves for professional exchange, and there is no political influence connected with the membership (GRI 102-13).

COMPLIANCE

Compliance with the law and regulations

Compliance with the law is a top priority at First Sensor. This is in line with the materiality analysis, in which the issue featured as a prominent stakeholder interest.

In addition to the statutory framework, the specific expectations of the company with regard to compliance are enshrined in the Code of Conduct. The code thus combines the obligation to comply with the law with the particular requirements of ethical conduct as the basis for business activities. The content of the Code of Conduct covers all the key aspects: the general principles of conduct including non-discrimination, how to deal with business partners and third parties including information on competition law and anti-corruption, the prevention of conflicts of interest, how to handle (confidential) information, data protection, employee rights, and the environment, health and safety. The Code of Conduct can be found online. It serves as a binding framework for the activities of members of the Supervisory Board and the Executive Board as well as all employees and managers (GRI 102-17).

Compliance with the principles of the Code of Conduct is integrated in the structures and processes of the Group-wide risk and compliance management system (GRI 205-1). In addition, there is a procedure for reporting violations of the code (whistle-blowing), also confidentially or anonymously. In fiscal year 2020, three cases were reported, of which one resulted in disciplinary action (GRI 205-3).

The prevention of corruption is a particularly important part of compliance. Corruption is not just a trivial offense to give the company a supposed advantage in the short term. In reality, it represents a major risk because it can permanently damage the company's market position (GRI 205-1). Fairness towards all business partners, customers, suppliers, and employees is a condition for long-term corporate success. This is why a detailed section of the Code of Conduct has been dedicated to dealing with business partners and third parties. In particular, clear boundaries are formulated for the granting and acceptance of benefits which do not leave any room for interpretation and describe the clear expectation that corruption should be avoided. This expectation is communicated not only to all members of the Supervisory Board and the Executive Board as well as all employees and managers, but also to suppliers via supplier management and the supplier code (GRI 205-2).

No sanctions were imposed in connection with penalized legal violations or violations of economic or social provisions in fiscal year 2020 (GRI 419-1).