

NON-FINANCIAL REPORTING (CORPORATE SOCIAL RESPONSIBILITY-REPORT)

Declaration of Compliance of First Sensor AG for the 2021 short financial year (January 1 to September 30)

Dear Shareholders and Business Partners,

This year's "non-financial declaration" again provides you with an insight into the various areas relevant to First Sensor. As a mid-sized German company, to date we have found that we are relatively well positioned for these key aspects of business life, and we address many points that are important to our customers, our employees and our investors. However, the integration into the TE Group has allowed this area to take on an entirely new importance and dimensions. First Sensor is now a part of TE's sustainability strategy and TE's sustainability strategy applies to First Sensor as well. We therefore strongly urge you to read TE Connectivity's corporate social responsibility (CSR) report to see for yourselves!

As a result in the change in reporting lines, the threads of sustainability at First Sensor no longer all run internally, as they are now embedded in the larger Group framework. Nevertheless, and this is reflected in the CSR report by First Sensor, we have our own goals and measures, values and an attitude that this report sets out. As a listed company, it is not only our duty to report on this, but also our wish to acknowledge the importance of sustainability and demonstrate transparency.

In preparing this report for the period from January 1 to September 30, 2021, 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 2021 annual report. 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 more coherent for readers. Thank you for your interest!

The First Sensor CSR Team

Main issues

General information

On September 30, 2021, the First Sensor Group consists of the parent company First Sensor AG, based in Berlin, and two subsidiaries (GRI 102-1) in Germany. The company has been listed since 1999. TE Connectivity Sensors Germany Holding AG has been the largest shareholder in First Sensor AG since 2020, with an interest of approximately 72% (GRI 102-5); there is a control and profit transfer agreement in place between the companies.

First Sensor generated total sales of €105.3 million with an average of 857 employees (762 FTEs) in the 2021 short financial year (GRI 102-7). The DACH region accounted for 53.0% of sales, while sales generated from customers in the rest of Europe accounted for 21.3%. 5.4% of sales are attributable to North America and 19.0% of sales were generated in Asia (GRI 102-6). As of September 30, 2021, the Group's total assets amount to €189.4 million with an equity ratio of 64.4% (GRI 102-7).

On the sensor systems growth market, First Sensor develops and produces standard products and customer-specific solutions for the ever-increasing number of applications on different target markets (GRI 102-6).

Throughout the value chain, two core competencies distinguish First Sensor as a company. Firstly, the Group has expert knowledge in detecting physical parameters through the design and production of silicon-based sensor chips. Secondly, First Sensor uses its expertise in microelectronic layout and connection technology to process these chips with the best form factor for the application in question. System solutions for new applications on various markets are an avenue for additional growth. Such sensor systems not only measure but also respond intelligently to the 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, using technical product parameters, the information on 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)

Predominantly as a result of the integration into the TE Group and the associated sale of various subsidiaries to TE, First Sensor's headcount continued to decline in 2021. The number of permanent employees decreased by 11.6% to 762 FTEs (full-time equivalents). The share of women remained largely stable at 35.6% (previous year: 34.9%). 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 temporary staff to be subsequently taken on as permanent employees. No temporary staff have been taken on as permanent employees to date in the short financial year, though the ratio over a period of 12 months is similar to previous years (around 10%).

Number of employees	Permanent employees (m/f/o)	Temporary employees (m/f/o)
Germany	741/115/0	38/12/0

As of September 30, 2021

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. This stems from our belief that the happiness of employees has a direct effect on their commitment and motivation. The share of part-time employees was stable at 13.4% in the 2021 short financial year (previous year: 13.5%).

Number of employees	Full-time employees (m/f/o)	Part-time employees (m/f/o)
Germany	520/222/0	35/78/0

As of September 30, 2021

Strategic analysis and measures

As part of the TE Group, First Sensor is included in its parent company's strategy for key sustainability areas. TE Connectivity has published its corporate strategy under the title "One Connected World". The aim of One Connected World is to create a safer, sustainable, productive and connected future. A materiality analysis conducted with customers, shareholders and employees determined the areas where its actions have the most impact. Three areas of focus were derived from this:

Co-Creating Tomorrow: Focused on the environmental and social management of product creation and supply chain

Connecting Sustainably: Focused on the environmental management of our operations

Empowering Innovators: Focused on social performance, including inclusion and diversity (I&D), safety, human rights and communities

Strong governance principles and the commitment to ethical business underscore every aspect of this strategy.

One Connected World was introduced throughout the company in 2020, allowing TE to identify where it can make progress and establishing how it will measure its success in sustainability. This included launching the One Connected World Network, which oversees the strategy's implementation and makes recommendations for better achieving our goals. The Network's members include executives who will lead and drive change throughout the enterprise as well as subject-matter experts and program managers.

Building on the strategy, nine ambitions were formulated that will be achieved by 2030, together with the steps needed to do so. The ambitions are:

Embed sustainability in product creation

Partner with direct and logistics suppliers to strengthen the sustainability of the supply chain; align new construction with the Sustainable Facility Initiative.

100% of facilities in water-stressed locations meet reduction targets

Decrease waste disposed

Greenhouse gas (GHG) emissions reduction

Zero-accident workplace

Strengthen the workplace culture, in which all differences are valued and all opinions count

Impact 3 million in next-generation technology education

Implement a global human rights program

The TE Group issues an [annual sustainability](#) report detailing its strategy, goals, measures and progress. Transparency of the various aspects of sustainability, with the help of this report, for instance, is a top priority for First Sensor as well. This is one reason why we actively seek a dialog with our stakeholders based on the belief that understanding and trust can only grow through dialog (GRI 103-2). In this context, the Group's locations also partner and engage with organizations in their local communities. Various established formats, such as blood drives, Girls' Day to inspire young women to pursue STEM careers and the Long Night of Industry for the interested public at large are usually held, but had to be canceled or postponed in 2021 on account of the pandemic.

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, because sustainable business practices help to align the company for a successful future and make it an attractive employer and a good neighbor at its locations.

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

The standards First Sensor applies are based on 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

Moving ahead, First Sensor’s activities will be aligned even more closely with TE Connectivity’s Group standards (GRI 103-2) to support a general strategy for the Group as a whole (GRI 102-14).

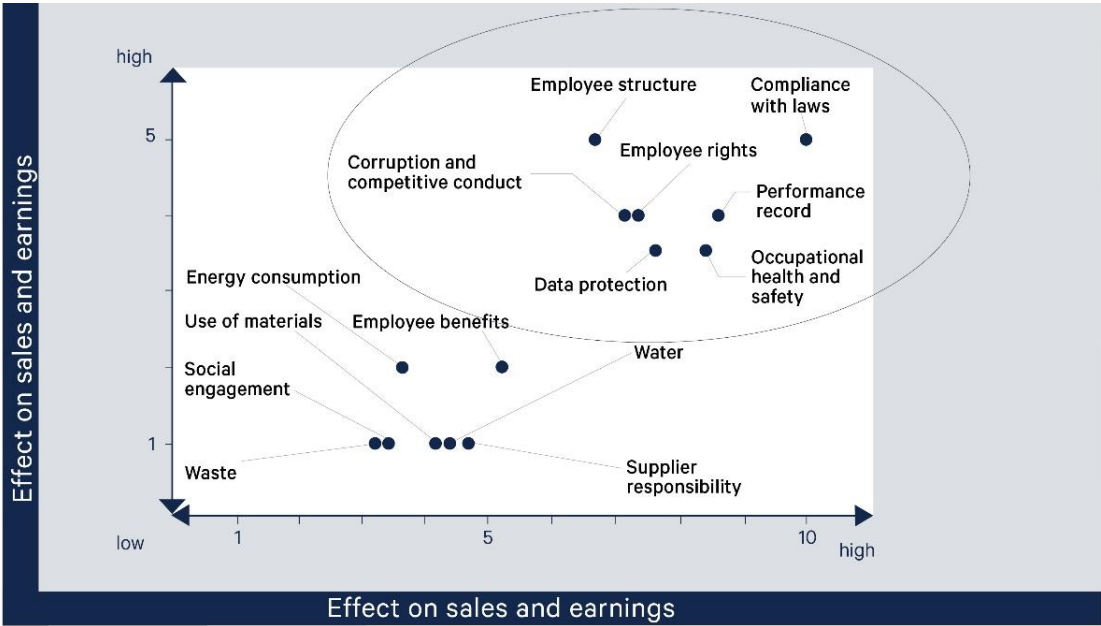
The lawfulness, compliance and expediency of the sustainability reporting is reviewed by the Supervisory Board (GRI-102-32) in accordance with the statutory provisions. The non-financial declaration is also formally audited by the auditor in accordance with section 317(4) sentence 2 of the Handelsgesetzbuch (HGB – German Commercial Code).

Risks and opportunities

As a listed company, First Sensor has established a risk and compliance management system that comprises all locations and business areas as an integral part of corporate governance (GRI 102-11). First Sensor AG’s Management Board is responsible for ensuring that it is effective, while the Supervisory Board guides and monitors this process. The Group’s opportunity situation is also assessed quarterly in a systematic process alongside the risk situation and incorporated into business decisions.

Materiality

As a foundation for the development of a sustainability strategy, First Sensor carried out its own materiality analysis by means of a structured survey of internal stakeholders (employees, managers, Works Council) and external stakeholders (representatives for customers and suppliers, partners, associations and politicians, 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 the focus of First Sensor’s business activities has not changed significantly since then, this materiality analysis was again used as the basis for First Sensor’s CSR alignment in the 2021 short financial year.



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 particularly focusing on.

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

- legal compliance
- 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

legal compliance (GRI 307, 419)

data protection (GRI 418)

corruption and competitive conduct (GRI 205, 206)

Goals

First Sensor's goals and activities have been merged with those of TE Connectivity in conjunction with the integration process. The TE Group's goals take precedence for First Sensor and will be dealt with primarily. (GRI 103-2).

Vertical integration

As a manufacturer of chips, sensors and sensor solutions, First Sensor purchases considerable amounts of raw materials, components and services from suppliers (GRI 102-9). The total volume amounted to €53.6 million in 2021 (previous year: €70.9 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 provides further assurance that sustainability aspects are actively embedded throughout the value chain.

Customers often expect a declaration of compliance with a code of conduct as soon as business relations are initiated, and also in contracts. First Sensor therefore also includes suppliers in its sustainability strategy (GRI 103-2). As a result, it has long been normal practice for First Sensor to require its suppliers to comply with certain minimum standards. TE Connectivity's guidelines on this were adopted by First Sensor in 2021. TE works with more than 32,000 direct and indirect suppliers worldwide. The approach to responsible sourcing is detailed in TE's Guide to Supplier Social Responsibility (the SSR Guide), which sets the expectations and ethical principles for suppliers. The SSR Guide was developed using best practices advocated by the Organization of Economic Co-operation and Development and the United Nations (UN) Global Compact, among others. First Sensor suppliers are assessed using a scorecard model or in supplier audits (GRI 102-10). Certain high-risk suppliers may also be monitored by third-party auditors to ensure that they operate to appropriate standards for the ethical treatment of their workers and a safe workplace (GRI 413-2).

Another positive aspect in terms of sustainability is the long service life of First Sensor products. As "distributors", at least in sense meant by regulations, customers are conscientiously informed about responsible disposal. In accordance with the requirements of the Elektrogesetz (ElektroG – German Electrical and Electronic Equipment Act), First Sensor has registered with the National Register for Waste Electric Equipment 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).

Accountability

The Management Board is accountable for corporate social responsibility (CSR) and for implementing measures. The large number of Group-wide activities is managed by various departments and, in some cases, by the TE Group (GRI 102-20). The entire team is guided by the three principles of economic, environmental and social responsibility (GRI 102-26). It ensures that the agreed objectives are communicated and complied with as necessary at all levels of the company. The merger with TE Connectivity is resulting in a harmonization of Group guidelines in this respect.

In accordance with the statutory provisions, the Supervisory Board reviews the lawfulness, compliance 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 is part of the TE Group and thus included in its management structures and reporting lines. This also applies to the implementation of the sustainability strategy (GRI 103-2). General goals are pursued with the help of local rules, processes and structures. Guidelines and responsibilities are therefore clearly regulated throughout the Group.

Control

First Sensor's locations report various performance indicators for the areas identified by TE as material (GRI 102-31). For example, these include managing and controlling the reduction of emissions or the consumption of resources.

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 its annual declaration of compliance.

First Sensor is subject to Group-wide regulations that set out its values, principles and standards and that are binding upon all employees (GRI 102-16). Details on this can be found in TE's sustainability report (One Connected World); the guidelines also include the supply chain.

In important cases, such as suspected compliance violations by members of the Management Board, the Supervisory Board is informed directly. This also applies to any concerns that employees may have regarding the implementation of the sustainability system (GRI 102-33). No suspected cases or findings were reported to the Supervisory Board in the 2021 short financial year (GRI 102-34).

Incentive systems

The remuneration system for the Management Board of First Sensor AG is intended to promote value-driven management geared towards sustainably increasing the company's success. This includes remuneration in line with market levels and an incentive system based on the achievement of ambitious and not exclusively short-term targets. The Supervisory Board determines the remuneration, taking into account the duties of the respective member of the Management Board, their personal performance and the financial situation and success of the company. It reviews the achievement of the agreed targets annually. The elements of the remuneration system also include a long-term component in the form of stock option plans or comparable instruments. Further details can be found in the remuneration report (GRI 102-35). A new remuneration system that will apply when new Management Board contracts are entered into or existing contracts are renewed was put to the shareholders for their approval at the 2021 Annual General Meeting.

In addition to a fixed salary, the managers and some employees of the company also receive variable remuneration based on the achievement of the company's targets and on operating and personal goals. Members of the Supervisory Board are remunerated as established in the Articles of Association. A component geared towards sustainability is still not intended.

Performance-based remuneration in line with market levels is important to First Sensor (GRI 102-36). Otherwise, it would not be possible to satisfy the company's need for motivated staff when competing for talented employees. A vertical comparison of Management Board remuneration and the remuneration of other employees at the company (GRI 102-38) was part of the process of developing the new remuneration system.

Stakeholder participation

The stakeholder dialog on economic, environmental and social issues is the responsibility of the Management Board (GRI 102-21). If necessary, the Supervisory Board is also on hand to answer any questions, e.g. for investors, as stipulated in the Corporate Governance Code.

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 sharing of information on sustainability issues.

As an employer, the Group has a social commitment and seeks to employ the best employees on a market where there is a shortage of specialists. The company takes part in job and trade fairs to position itself as an attractive employer. For the first time in the 2021 short financial year, owing to the coronavirus pandemic, the company did not take part in any job fairs held in person, but it participated in five national and international trade fairs,

partly in virtual form. 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 respective immediate environment at its locations and maintains contact with the authorities and its 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 the 2021 short financial year, it was largely only possible to implement measures that allowed hygiene protection precautions, e.g. numerous internships. Furthermore, First Sensor is engaged at a social level, supporting, for example, schools and charities with which it has a specific connection through its employees.

Finally, the capital market is 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 still exercise their codetermination and information rights directly at the Annual General Meeting. The company gives presentations on itself and also discusses sustainability aspects at events for investors and media representatives, such as the accounts press conferences and analyst events.

Product and innovation management

First Sensor develops sensors and sensor solutions, from the chip to the entire sensor system. €6.7 million was invested in research and development in the 2021 short financial year (previous year: €9.7 million). Through its products, the company also helps its customers to make their processes more efficient and environmentally friendly, for instance through greater energy efficiency or reduced emissions.

In several decentralized applications, energy consumption is a key criterion for fulfilling customer requirements and securing 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 the applications in which sensors and sensor systems are ultimately used is often several times higher. Overall, First Sensor's contribution towards energy savings is therefore only within the per thousand range of the end products' energy requirements (GRI 302-4). The social and environmental impact of the key products has not yet been determined (GRI 416-1), though their EU Taxonomy-eligibility and alignment has been reviewed.

In its own activities as well, the company focuses on reducing its environmental impact by using energy, resources and materials as efficiently as possible, especially in production. Employees are particularly significant when it comes to potential improvements. Thanks to an extensive knowledge of the processes, their ideas can provide vital information. A software-based system for a company suggestion scheme was therefore developed that provides a structure for reviewing employees' suggestions for improvements and implements those deemed suitable for operations together with employees. This system is being piloted at the Berlin-Weissensee location and will later be rolled out to other locations as well. 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 business interests.

Product specifications are very closely coordinated during development to prevent the use of products from having a negative impact on customers and the environment.

Environment

Use of natural resources

First Sensor AG's production locations already have an environmental management system in accordance with ISO 14001. Beyond this, however, First Sensor has limited options for influencing the rest of the value chain. For example, raw materials cannot be obtained from a recycling process (GRI 301-2). The company does not collect information on the consumption of resource by its products in customer applications, such as energy consumption (GRI 301-2).

The question of the environmental impact of the company's activities can also not be answered in detail at this time (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 have not been prioritized at this time. However, data on certain aspects in the areas of water, waste and energy have been regularly gathered and analyzed by TE Connectivity and are available in the company's annual sustainability report.

The responsibility of suppliers for environmental issues is a fixed component of the procurement process (GRI 308-1). The concept for responsible sourcing is detailed in TE's Guide to Supplier Social Responsibility (the SSR Guide), which sets the expectations and ethical principles for suppliers.

Resource management

The careful use of resources is a central aspect of the TE sustainability strategy. This focuses on energy and water consumption. Operating standards for energy efficiency have been introduced by TE. The respective energy consumption is tracked and the readings are used to identify the areas with the greatest potential for improvement. Options for the local use of renewable energy are also considered to do more for carbon-neutral energy. Photovoltaic systems will therefore be installed at various locations.

The reduction of water consumption and waste water is a second key area. Production at TE's locations is not particularly water-intensive in its own right, but water is required in various stages of production. Particular attention is therefore given to locations in water-stressed regions. Water stress occurs when demand for water exceeds the amount available over a specific period or when poor water quality limits the use of water. In its 2020 Corporate Responsibility Report, TE set a goal to set water reduction targets for facilities in water-stressed areas.

As part of the TE Group, First Sensor is integrated into these goals and measures. As before, no surface water, water from wetlands, rivers, lakes or oceans, groundwater, rainwater or waste water from other companies is used at the First Sensor Group's locations – only water from the municipal suppliers (GRI 303-1).

Climate emissions

Reducing emissions that affect the climate is an especially important component of TE's sustainability strategy. TE sees GHG emissions as the Group's most significant environmental impact. Around 95% of its Scope 1 and 2 GHG emissions are currently from its energy usage. Corresponding goals for energy savings have been in action since 2009 and have resulted in a reduction of 40% normalized to sales revenue since 2009 and based on fiscal year 2020 data. The goal is to achieve further reduction by 2030. This will focus in particular on energy consumption for injection molding and compressed air in production, and air conditioning in buildings.

Another significant aspect is the reduction of sulfur hexafluoride (SF6) gas, which is used, for example, as an insulator in medium voltage switchgear, but also in electron beam technology as a basis for a variety of specialized applications in the manufacture of semiconductors and microelectromechanical systems. SF6 is the most potent known greenhouse gas and many times more harmful than carbon dioxide. Active steps have been taken by the TE Group to reduce such emissions (GRI 305-1).

The reduction of emissions is also an aspect of product creation. As a reduced energy consumption causes fewer emissions, it also contributes towards environmental protection.

Reducing greenhouse gas emissions as a result of energy consumption is a key aspect of climate protection and limiting climate change for First Sensor. Considerations as to how to save energy are therefore incorporated at many points and in many processes at First Sensor as this is necessary from an environmental and a business standpoint.

SOCIETY

As part of the TE Group, First Sensor is included in sustainability aspects that concern social and community issues. There are big overlaps between the two frameworks in these areas, and differences are primarily due to local or cultural factors. TE's One Connected World strategy is focused on social performance, including inclusion and diversity (I&D), safety, human rights and communities. The strategy's ambitions include creating a zero accident workplace, implementing a global human rights program, strengthening the workplace culture so that all differences are valued and all opinions count, and impacting 3 million people in next-generation technology education.

Safety, engagement, inclusion and support

As a company whose highly qualified and motivated employees are a key factor for future success, First Sensor does not limit itself to compliance with just the minimum national and international standards. The health and professional development opportunities of employees are central and highly important issues in the area of strategic HR management in order for ensuring long-term loyalty to the company among its best and brightest. Of course, this includes anti-discriminatory recruitment and a work environment in which diversity is seen as an asset every day (GRI 103-2, 406-1). The Diversity Charter was signed back in 2018. Furthermore, it is expressly stated that discrimination is not tolerated. No incidents of discrimination were reported in the reporting period.

First sensor is not party to collective wage agreements. The TE Global Job Framework was introduced to First Sensor in the 2021 short financial year. This requires comparable pay for comparable work, independently of gender, age or other personal features. Moreover, agreements are negotiated with the respective First Sensor employee representation bodies and recorded in works agreements (GRI 102-41).

The materiality analysis assigned high priority to the occupational health and safety aspect (GRI 403-1, -2, -3). The physical well-being of employees and safety at work play an especially important role in HR work at First Sensor. Measures for preventive healthcare are largely the responsibility of HR and include, for example, health days, vaccination drives, training, risk assessments for physical work and the beloved company bicycle. This is similar to the TE Safety Policy, which aims to operate facilities around the world in a manner that protects employees, public health and the environment. All applicable laws and regulations are complied with at every location where the First Sensor Group operates, and its own more stringent standards and policies are applied wherever necessary to protect employees and the environment.

All First Sensor employees are informed and made aware of the individual hazards at their place of work, which is supported by intensive training and seminars. During the 2021 short financial year, First Sensor's health, safety and environmental (HSE) management was integrated into the TE system that is described by its Environment, Health and Safety Policy (EHS Policy). This ensures that all First Sensor sites apply the same standards as other TE locations.

Audits are carried out regularly to identify potential for improvement. The findings, whether in the management system or at an operational level, are now being processed. As all areas of EHS management are heavily regulated, this is supported by the EHS software Quentic in practice. This database is a tool for providing the directory of authorization and permits as well as the directory of hazardous substances. The program is also used to carry out the risk assessments required by law. All employees can complete their compulsory annual general occupational health and safety courses online using Quentic, which ensures very high quality and saves resources. These instructions are supplemented by "lessons", on subjects such as work safety or unsafe situations.

Employees are provided with appropriate personal protective equipment where necessary. Hazardous substances, such as those used in production, are labeled appropriately and according to regulations. This is intended to prevent chronic and acute illnesses. Noise is avoided as far as possible or corresponding protective measures taken. Of course, every employee is entitled to refuse to perform any work that they consider to be dangerous. At the same time, information of this kind is valuable because it highlights opportunities to identify and remedy vulnerabilities as soon as possible.

First Sensor is required to report work accidents. However, the reporting obligation only applies to accidents that result in an inability to work for more than three days (GRI 403-2). Monthly analyses are prepared to monitor occupational health and safety even more closely. 174 reports in total were submitted in the 2021 short financial year. 150 were "unsafe situations and near misses" and 24 were "actual accidents". 23 of these accidents were handled with first aid, while 1 resulted in a doctor's visit and some loss of working time.

A number of other activities for better health protection are carried out regularly. These can include check-ups, free fruit baskets and beverages or flu vaccinations.

Precautions to protect against COVID-19 infection were still necessary in the 2021 short financial year as well. An operational coronavirus pandemic plan was implemented back in 2020. It is based on the Federal Office of Civil Protection and Disaster Assistance's Corporate Pandemic Planning Manual, and covers team formation, risk analysis and assessment, action formulation and a communication concept. Building on that, a hygiene concept, corresponding checklists and information materials were developed and implemented. According to the risk assessment, a variety of measures were taken in 2021 as well, such as providing employees with face coverings, FFP2 masks or rapid testing kits. Many areas introduced digital formats for meetings and remote working options in addition to observing basic precautions, such as social distancing, hygiene, masks and ventilation.

First Sensor already supported initiatives that contribute to preserving and promoting equal opportunities and diversity within the company. Equal opportunities do not just apply in relation to men, women and other gender identities, but also in relation to younger and older employees and staff 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. These efforts are entirely in line with TE Connectivity's own ambitions: "We aim to embed a culture where everyone can bring their whole selves to work". In support of TE's purpose and values, we drive business outcomes globally by building a workforce and supplier network that represent our global markets and the customers we serve. We also strive to build a work environment where all employees are engaged and feel all differences are valued and all opinions count. We measure this success by setting aspirations for our workforce demographics and analyzing our engagement and inclusion indicators through our Every Voice Counts Survey.

Owing to the age structure, it is also important for First Sensor to create the conditions required to help employees find a healthy work-life balance. This includes efforts to make individual working hours more flexible through flextime, part-time and temporary home-working solutions. Furthermore, it goes without saying that women and men receive the same wages for the same work. 35.6% of employees are women, which is an excellent ratio for a high-tech company. The global job framework also creates the conditions for continuing to assess all positions within the company with zero discrimination. This applies to all First Sensor locations (GRI 102-4).

No information was requested in accordance with the Entgelttransparenzgesetz (German Wage Transparency Act) in the 2021 short financial year. Since 2019, further information on pay transparency at First Sensor has been provided in a report that can be accessed on the website.

First Sensor's materiality analysis indicated that employee rights issues 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 continuing professional development, diversity within the executive bodies and among employees, the 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 all the relevant regulations into account, which is also in its own interests. Since 2019, employees have been represented on the Supervisory Board by one man and one woman.

Qualifications

Training and further professional development are highly valued at First Sensor as they ensure that employees can always rise to the growing challenges of their professional environment. However, under the circumstances dictated by the pandemic, only €133 thousand (previous year: €131 thousand) was spent on corresponding measures in the 2021 short financial year (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 members of staff by also providing high-quality, needs-based training within the company existing workforce. First Sensor provides professional training for micro-technologists (19), industrial clerks (5), specialists in warehouse logistics (2) and mechatronics engineers (2). The company thus employed 28 apprentices as of September 30, 2021 (previous year: 32).

Only 32.5% of employees at the First Sensor Group are over 50 years old. Nevertheless, the Management Board is aware that this is no reason to ignore the challenges of demographic trends in the long term.

Below 30 years of age

12%

Age 31-40	34%
Age 41-50	22%
Above 51 years of age	32%

At 34.8%, First Sensor has a comparatively high share of academics for a production company due to the sophisticated 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. This Code is in accordance with TE's corresponding guidelines. These state that nobody will be employed against their will or forced to work involuntarily. TE stands against and prohibits all forms of slavery or practices similar to slavery. This policy applies to all TE employees and contractors in every country in which the TE Group operates. All suppliers are expected to adhere to this policy as well as to TE's Supplier Guide to Social Responsibility (GRI 412-1, 2, 3).

First Sensor reviews suppliers from regions considered to be at risk of human rights violations in conjunction with supplier questionnaires (GRI 407-1). Corresponding audits reviews can be carried out in the context of supplier management (GRI 414-2).

Community

It is not just 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. The materiality analysis concluded that the economic performance of First Sensor is relevant to internal and external stakeholders.

The economic value generated and its distribution are shown below in the statement of value added for the 2021 short financial year below (economic value generated and distributed, GRI 201-1):

in € million	
Sales	105.3
Financial result	-0.5
Other operating income	25.1
Economic value generated	129.9
Operating expenses	-67.1
Depreciation and amortization	-8.2
Net economic value generated	54.6
Staff costs	-41.6
Financial expenditure	-0.5
Distribution to shareholders	-5.8
Payments to public authorities	0.0
Donations	0.0
Distributed economic value	-47.9
Difference retained by the company	6.7

* The amount of donations was €200. The presentation of figures in millions of euro results in this being rounded down to €0.

TE also supports the communities at its business locations. For example, it empowers employees to pursue positive change in their communities through its Community Ambassador Program, which enables more than 100 ambassadors and local councils to make decisions about TE's philanthropic spending and volunteer events. A large part of its corporate philanthropy is employee-driven through the Community Ambassador Program or employee matching gift and volunteer grants programs, allowing employees to personally engage in TE's philanthropic giving.

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 dialog and membership does not entail any political influence (GRI 102-13).

COMPLIANCE

Compliance with the law and regulations

Compliance with the law is a top priority at First Sensor. In addition to the statutory framework, the company's specific expectations regarding 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.

As part of the TE Group, First Sensor will also adopt TE's standards on ethics and compliance moving ahead. TE's Guide to Ethical Conduct provides directors, officers and employees with the necessary information and resources to live by the company's values and make sound and ethical decisions every day. These values also apply to the company's partners, including contractors, vendors, suppliers and other stakeholders.

The Guide – like First Sensor's – covers all relevant areas: diversity, equity, respect and trust, competition law, bribery and corruption, fraud, money laundering, import and export rules, conduct in the workplace and safety, conflicts of interest, gifts and entertainment, human rights and social responsibility. The Guide serves as a binding framework for the activities of members of the Supervisory Board and the Management Board, and of all employees and managers (GRI 102-17).

Compliance with the principles of the Code of Conduct is integrated in the structures and processes of First Sensor's risk and compliance management system (GRI 205-1). Compliance will be integrated into the TE system once the necessary preparations have been made. There is a procedure for reporting violations against the code (whistle-blowing), also confidentially or anonymously. Two cases were reported in the 2021 short financial year, one of which was resolved in the reporting period (GRI 205-3).

The prevention of corruption is a particularly important area of compliance. Corruption is not just a trivial offense to give the company a supposed advantage in the short term, but rather a major risk as it can permanently damage the company's market position (GRI 205-1). Fairness towards all business partners, customers, suppliers and employees is essential for long-term business 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 limits have been defined for giving and receiving benefits to rule out the possibility of corruption. This expectation is communicated not just to all members of the Supervisory Board and the Management Board, all employees and managers, but also to suppliers through supplier management and the supplier code (GRI 205-2).

No sanctions were imposed in connection with prosecuted legal violations or violations of economic or social provisions in the 2021 short financial year (GRI 419-1).

EU Taxonomy

For the first time in the 2021 financial year, quantitative and qualitative KPIs on sales, investments and operating expenses must be disclosed for the company's sustainability activities. For the current reporting period, these disclosure requirements are initially based on the EU targets for climate protection and climate change adaptation. The resulting transparency should allow comparisons of different business models in terms of the ecological sustainability, thereby contributing towards effective capital market allocation and thus sustainable development as defined by the EU Action Plan.

First Sensor is aware of its responsibility for sustainable business practices and, as part of the TE Group, will be included in the parent company's Corporate Responsibility Program. TE reports on its sustainability strategy and its implementation in its annual Corporate Responsibility Report. This sets out the Group's progress in driving the corporate values of Integrity, Accountability, Teamwork and Innovation in conjunction with global challenges in terms of social and ecological activism. The strategy is built around the ambitions for 2030, and the report covers the

progress made in the reporting period and other activities in planning. First Sensor will be included in the reporting of performance indicators (see Performance Summary) and the relevant standards (GRI, SASB, TCFD).

First Sensor does not have separate reporting on Taxonomy-eligible and Taxonomy-aligned economic activities under the EU Taxonomy. Following a due review of the applicable technical assessment criteria, First Sensor therefore makes the following declaration:

Taxonomy-eligible economic activities	0%
Non-Taxonomy-eligible economic activities	100%

The Taxonomy-aligned investments thus amount to 0% and the operating expenses to 0% as well.