

1.3 NON-FINANCIAL REPORTING (CORPORATE SOCIAL RESPONSIBILITY-REPORT)

Declaration of Compliance of First Sensor AG for the 2023 Financial Year (October 1, 2022 – September 30, 2023)

Dear Shareholders and Business Partners,

A lot has changed over the past few years and it is essential for business to take account of sustainability aspects. With the climate crisis palpable for everyone, companies are expected to reduce their carbon footprint so that the legitimacy of their production cannot be called into question. Supply chain due diligence has become increasingly important and abuses in the supply chain can damage the reputation of the companies involved. Locations in countries where there has been evidence of problematic handling of human rights are being addressed, and not only by shareholders of international corporations, putting management under pressure to act. And at a time when specialist staff are in short supply, inclusion and diversity are gaining new significance with a view to remedying the existing shortcomings. Sustainability has become a critical success factor for companies and is accordingly managed as a top priority at the management levels in industry.

To report on the importance of sustainability and the associated measures and goals at First Sensor, we are preparing a CSR report again this year. In this non-financial declaration, we report on all areas of corporate social responsibility, i.e. environmental issues, social aspects, and governance aspects. We made progress in all three areas, partly as a result of the increasing integration into the TE Connectivity Group and its sustainability strategy. This strategy was developed further in the past year, as were the corporate values. The two are closely intertwined. For First Sensor, it is a big advantage to be a member of the TE Connectivity Group, and hence to share the extremely comprehensive sustainability strategy and the corporate values of this major international group. These go much further than a company of First Sensor's size would have been able to establish for itself.

In addition, we are preparing to meet the requirements of the European Union's Corporate Sustainability Reporting Directive (CSRD) as part of TE Connectivity from the 2025 financial year onward. With these new guidelines on the horizon, we have also decided not to adapt our non-financial declaration temporarily to the format of new standards (GRI) or to the TE Connectivity reporting format. As was the case for the first time in the previous year, this report includes a number of quantitative disclosures that originate from our contribution to TE Connectivity's Group-wide data collection process. Needless to say, these relate to the First Sensor locations only. And just to be clear, we wish to inform you that neither this report nor its contents have undergone a formal review or audit.

In preparing this report for the period from October 1, 2022 to September 30, 2023, we were once again guided primarily 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 2023 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, 2023, the First Sensor Group consisted of the parent company First Sensor AG, based in Berlin, and one subsidiary (GRI 102-1). 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 €134.6 million with an average of 719 employees (693 FTEs) in the 2023 financial year (GRI 102-7). The DACH region (Germany, Austria, Switzerland) accounted for 57.5% of sales, while sales generated from customers in the rest of Europe accounted for 14.1%. 12.4% of sales were attributable to North America and 15.7% of sales were generated in Asia (GRI 102-6). As of September 30, 2023, the Group's total assets amounted to €169.0 million with an equity ratio of 75.1% (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).

The import and export of products are subject to regulation by the various jurisdictions where we conduct business. A small portion of our products may require governmental import and export licenses, whose issuance may be influenced by geopolitical and other events. We have a trade compliance organization and other systems in place to apply for licenses and otherwise comply with such regulations. Any failure to maintain compliance with domestic and foreign trade regulation could limit our ability to import and export raw materials and finished goods into or from the relevant jurisdiction (GRI 102-2).

Employees (GRI-102-8)

First Sensor's workforce grew in the 2023 financial year, mainly as a result of the positive business performance. The number of permanent employees increased by 10.5% to 686 FTEs (full-time equivalents) as of the reporting date on September 30, 2023. The percentage of women as a share of all permanent employees was essentially unchanged at 32.8% (previous year: 32.7%). To handle fluctuations in utilization and temporarily fill vacant positions, First Sensor works with temporary employment agencies that meet general quality standards. Usually, around 10% of these employees are taken on as permanent employees over the course of a financial year.

Number of employees	Permanent employees (m/f/o)	Temporary employees (m/f/o)
Germany	497/208/3	14/4/0

As of September 30, 2023

As far as possible, 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 increased slightly to 12.6% in the 2023 financial year (previous year: 11.8%).

Number of employees	Full-time employees (m/f/o)	Part-time employees (m/f/o)
Germany	473/143/3	24/65/0

As of September 30, 2023

STRATEGY

01 Strategic analysis and measures

As part of the TE Connectivity Group, First Sensor is included in its parent company's strategy for key sustainability areas. TE Connectivity has published its corporate sustainability strategy under the title "One Connected World" in its Corporate Responsibility Report. The aim of One Connected World is to create a safer, sustainable, productive and connected future. The strategy was revised and expanded in 2023. It aims to specify further TE Connectivity's responsibility for its impact on the world, employees and products. In particular, it presents the management's responsibility in accounting for this and undertaking to do more.

A double materiality analysis conducted with customers, shareholders, and employees determined the areas where its actions have the most impact. These were allocated to three main focus areas: planet, products, and people.

"Planet" stands for the goal of doing business sustainably by promoting a culture of continuous improvement with regard to emissions, water, and waste. "Products" focuses on innovative, meaningful products that have a positive impact on customers and society, including a diverse and responsible supply chain. And "People" is aimed at empowering people to thrive. This focuses on human rights and safe business activities. It also includes promoting global, diverse teams with an inclusive and dedicated culture and developing a wide range of STEM (science, technology, engineering, and math) talent for the future.

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

One Connected World was introduced throughout the TE Connectivity Group back in 2020, allowing TE to identify where it can make progress and establishing how it measures 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 lead and drive change throughout the enterprise, as well as subject-matter experts and program managers.

The sustainability challenges, opportunities, and risks associated with First Sensor's core activities are incorporated in the company through the implementation of the TE Connectivity sustainability strategy and are controlled and monitored by the management. As part of the TE Connectivity Group, First Sensor pursues the same goals and includes the entire value chain when it comes to social and environmental challenges, too.

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.

This is another reason why transparency on the various aspects of sustainability, with the help of this report, for instance, is a top priority for First Sensor. In addition, 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 TE Connectivity Group's locations also engage in philanthropy and

volunteer with various charities around the world within two main focus areas: education and technology, and health and human services.

First Sensor also uses its products to make a contribution to sustainable development, for example in monitoring water quality. 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 Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD)
- the fundamental conventions of the International Labour Organization (ILO)
- the UN Guiding Principles for Business and Human Rights
- the Ten Principles of the UN Global Compact
- the management guideline on the social responsibility of organizations and the environmental management standard of the International Organization for Standardization (ISO 26000 and ISO 14001)
- the German Corporate Governance Code

The Executive Board is responsible for the preparation of the non-financial declaration/the CSR report and presents this to the Supervisory Board in accordance with section 170(1) sentence 2 of the *Aktiengesetz* (AktG – German Stock Corporation Act). In accordance with section 171 AktG, the Supervisory Board is responsible for reviewing the content of the non-financial declaration/the non-financial report. The Supervisory Board must report the findings of this review to the Annual General Meeting in writing (section 171(2) AktG). The non-financial declaration is also audited by the auditor in accordance with section 317(2) sentence 4 of the *Handelsgesetzbuch* (HGB – German Commercial Code) (GRI-102-32).

Risks and opportunities

As a listed company, First Sensor has established a risk and compliance management system as an integral part of corporate governance. This also covers risks from the ESG (environmental, social, governance) topic area and applies to all locations and business areas (GRI 102-11). Details on this can be found in the risk report, which forms part of the combined management report of First Sensor AG. The risk management system provides indications of the company's current performance with regard to the defined topic areas and can reliably identify weaknesses. First Sensor AG's Executive Board is responsible for ensuring that the risk and compliance management system 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.

02 Materiality

In 2022, TE Connectivity performed a double materiality analysis by means of a structured survey of stakeholders (employees, managers, investors) (GRI 102-15). The aim of the analysis was to ensure that the Group addresses aspects that are truly relevant. This also allowed it to update its understanding of the biggest effects and what is most important to the company and its shareholders, employees, and other stakeholders.

As a result of the analysis, a total of 17 material topics for TE Connectivity were identified: innovation, product responsibility, occupational health and safety, sustainable supply chain (including Scope 3), diversity, equal rights and inclusion, human rights, water, waste, conflict minerals, climate change (Scope 1 and 2), well-being, economic stability, social commitment, responsible corporate engagement, transparency and integrity in business, attractiveness as an employer, and nature and resource management. The topics assessed as material represent the main focuses of the non-financial reporting.

Given that some of these topics are more urgent or more difficult, internal initiatives and programs have been developed to address all of them or at least prepare for doing so. The process of determining materiality also presented another opportunity for dialog with customers, investors, employees, and other stakeholders.

This input and the assessment then formed the basis for revising the One Connected World strategy at company level and for the ambitious goals that more deeply integrate corporate responsibility at TE Connectivity.

In 2022, First Sensor's own materiality analysis was compared against TE Connectivity's materiality analysis. As they were found to be closely matched, TE Connectivity's materiality analysis was then adopted for the purposes of strategic harmonization. This approach is in line with the ongoing integration into the TE Connectivity Group.

03 Goals

Building on the sustainability strategy, in its fiscal 2022 Corporate Responsibility Report, TE Connectivity formulated ambitions to be achieved, typically by 2030 or 2032, together with the steps needed to do so. The ambitions include:

Product:

- Embed sustainability in product life cycle
- Partner with suppliers to strengthen the sustainability of the supply chain

Planet:

- Greenhouse gas (GHG) emissions reduction
- continuous reduction of waste generated and disposed of in our operations
- Reduction targets for certain locations in regions with extremely high and higher water stress

People:

- Respecting human rights throughout our value chain
- Industry leader for workforce diversity and an inclusive, equitable workforce
- Zero-injury workplace
- Empower all employees to develop a connection with well-being
- Impact 10 million people through STEM education
- Top tier employer for employee engagement and inclusion for our industry

Governance:

- Put values into practice to be a leading ethical business partner

There are specific plans for these ambitions, which are clearly defined with a time frame for achievement of the ambitions. These goals of the TE Connectivity Group also take precedence for First Sensor. (GRI 103-2). The TE Connectivity Group issues an annual sustainability report detailing its strategy, goals, measures, and progress. First Sensor's goals and activities have been combined with those of TE Connectivity as part of the integration process. Achievement of the strategic sustainability goals is also monitored.

Qualitative goals are also being operationalized at First Sensor in order to make them measurable. At the level of TE Connectivity, it is ensured that the data are objective, reliable, and sound. The data used in this report relate to the First Sensor locations only and are not audited.

04 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 €69.2 million in the 2023 financial year (previous year: €62.6 million). Sustainability plays an important role in First Sensor's business relationships, partly because customers are increasingly including the company in the implementation of their sustainability strategies. As part of the TE Connectivity Group, First Sensor focuses on the following goals for sustainable supply chains:

- Supply chain management, including ISO 9001, codes of conduct, due diligence, and supplier assessment taking account of environmental, social, and human rights aspects
- Emergency planning for the supply chain, transparency, and traceability
- Relevant policies, guidelines, and environmental management systems (GRI 103-2).

This ensures 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. In turn, First Sensor also includes its own suppliers in its sustainability strategy (GRI 103-2). TE Connectivity's guidelines on this were adopted in 2021 already. TE Connectivity works with more than 32,000 direct and indirect suppliers worldwide. The approach to responsible sourcing is detailed in TE Connectivity's Guide to Supplier Social Responsibility ([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). Some high-risk suppliers are also 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 the 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).

PROCESS MANAGEMENT

05 Accountability

The Executive Board is accountable for corporate social responsibility (CSR) and for implementing measures. The integration with TE Connectivity resulted in further harmonization of Group guidelines in this respect in the 2023 financial year. The large number of Group-wide activities is handled by various departments and mostly managed by the TE Connectivity Group (GRI 102-20). The entire team helps the Executive Board to develop the sustainability strategy further, reporting regularly on the current status, proposing projects and measures, and coordinating implementation (GRI 102-26).

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).

06 Rules and processes

First Sensor is part of the TE Connectivity Group and thus is 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.

First Sensor is subject to these regulations that set out TE Connectivity's values, principles, and standards and that are binding upon all employees (GRI 102-16). Details on this can be found in TE Connectivity's sustainability report ([One Connected World](#)). Many guidelines are referenced in the "[TE Connectivity Guide to Ethical Conduct](#)," which was updated and expanded in 2023. These guidelines also include the supply chain, e.g. "[TE Connectivity Guide to Supplier Social Responsibility](#)."

07 Control

First Sensor already introduced the TE Connectivity Guide to Ethical Conduct throughout the company in the 2022 financial year and trained its employees accordingly. These internal regulations on ethical conduct set out TE Connectivity's expectations and fundamental values as the basis for all employees' work. The corresponding regulations on the social responsibility of suppliers, which clarify the values and principles by which the company manages its business, also form part of the guidelines.

First Sensor's locations report various performance indicators for the areas identified by TE Connectivity as material (GRI 102-31). The data are gathered using the same methods at all company locations, meaning that they are consistent and can be combined. For example, these include managing and controlling the reduction of emissions or the consumption of resources. The First Sensor data are consolidated at the level of the TE Connectivity Group and are therefore included in TE Connectivity's reporting. Data in this report relate to the First Sensor locations only and have not been audited externally.

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, as currently amended. In the latest version to come into force, environmental and social sustainability aspects of the management and monitoring of companies gained much more significance as a result of new principles and recommendations. First Sensor effectively fulfills the requirements of the Code, providing reasons for any deviations in its annual declaration of compliance.

In important cases, such as suspected compliance violations by members of the Executive 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 2023 financial year (GRI 102-34).

08 Incentive systems

The remuneration system for the Executive 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 Executive 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 remuneration system that applies when new Executive Board contracts are entered into or existing contracts are renewed was last put to the shareholders for their approval at the 2021 Annual General Meeting.

The members of the Executive Board did not have any contracts with First Sensor AG in the reporting period, but rather are managers within the TE Connectivity Group.

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 Executive Board remuneration and the remuneration of other employees at the company (GRI 102-38) was part of the process of developing the applicable remuneration system.

09 Stakeholder participation

All groups that were taken into account in the materiality analysis are regarded as stakeholders by First Sensor. Open and respectful dialog with these stakeholders on economic, environmental, and social issues is the responsibility of the Executive 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.

Through the TE Connectivity purchasing organization and TE Connectivity Solutions GmbH (Schaffhausen, Switzerland – TESOG) as the sole sales and distribution partner, First Sensor is closely integrated into the value chain of its suppliers and customers. This ensures that the high standards of TE Connectivity are also taken into account at the level of First Sensor.

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 fairs to position itself as an attractive employer. 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 the Girls' Day, student internships, and open days. Various different measures were again implemented in the 2023 financial year, such as juror scholarships, school student internships and vacation assistants, support for students' degree theses and positions as working students, participation in several apprenticeship and training fairs, participation in school career days, and close contact with local universities. In addition, internships for career changers were offered as part of the 'Electronics Manufacturing Specialist' project organized by the vocational training institute.

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. Furthermore, shareholders can 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. The results of all forms of dialog are also used to develop the sustainability management system further.

10 Product and innovation management

First Sensor develops sensors and sensor solutions, from the chip to the entire sensor system. €4.2 million was invested in research and development in the 2023 financial year (previous year: €3.6 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, the sensors and sensor systems from First Sensor are a small component of the end product, whose energy consumption 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.

The company also focuses on reducing the environmental impact of its own activities 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 their extensive knowledge of the relevant processes, their ideas can provide vital information. A company suggestion scheme is used to provide a structure for reviewing employees' suggestions for improvements and to implement those deemed suitable for operations together with employees. 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

11 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 resources by its products in customer applications, such as energy consumption (GRI 301-2).

Since the 2022 financial year, data on various different effects of the company's activities have been collected and included in the analyses at the level of TE Connectivity (GRI 103-2). These include the input and output of water, energy, and emissions. No measures for preserving species diversity or influencing biodiversity are currently defined.

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 Connectivity's Guide to Supplier Social Responsibility (the SSR Guide), which sets the expectations and ethical principles for suppliers.

12 Resource management

The careful use of resources is a central aspect of the TE Connectivity sustainability strategy. This focuses on energy and water consumption. Operating standards for energy efficiency have been introduced by TE Connectivity. 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.

To create the necessary transparency, First Sensor disclosed associated key figures for the first time in the previous report. The current figures and the comparative figures for the previous year are provided for information purposes, but have not been audited.

Energy consumption at First Sensor AG (Group)	2022	2023
Total energy [kWh]	14,882,273	13,830,860
Energy costs [€]	4,036,595	3,689,566

The reduction of water consumption is another aspect of TE Connectivity's sustainability strategy. Production at TE Connectivity'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 CSR report, TE Connectivity has set a goal to reduce water consumption in these particular locations.

Water consumption at First Sensor AG (Group)	2022	2023
Water consumption [m ³]	51,754	51,198
Waste water [m ³]	52,258	51,512

As part of the TE Connectivity Group, First Sensor is integrated into the former's 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 Group's First Sensor locations – only water from the municipal suppliers (GRI 303-1). As First Sensor's production site in Berlin-Oberschöneweide is located in a water protection area, special measures have been taken to protect the water here.

13 Climate emissions

Reducing emissions that affect the climate is another component of TE Connectivity’s sustainability strategy. TE Connectivity considers GHG emissions to be the Group’s most significant environmental impact. Around 95% of its Scope 1 and Scope 2 GHG emissions currently result from its energy usage. Corresponding goals for energy savings have been pursued since 2009 and the goal is to continue to save more energy by 2030.

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. Emissions have already been reduced significantly by way of targeted measures by the TE Connectivity Group (GRI 305-1).

The reduction of emissions is also an aspect of product creation. As reduced energy consumption of new products 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. Measures for saving 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. At the Berlin locations and at the subsidiary First Sensor Lewicki GmbH, the electricity supply was fully or partly switched over to renewable energy in the reporting period. To create the necessary transparency, First Sensor disclosed key figures on emissions for the first time in the previous report. The current figures and the comparative figures for the previous year are provided for information purposes, but have not been audited.

Greenhouse gas emissions at First Sensor AG (Group)	2022	2023
Total Scope 1 [megatons of CO ₂ equivalents]	297	219
Total Scope 2 [megatons of CO ₂ equivalents]	908	967

Scope 1 emissions are emissions from sources that are under the direct responsibility or control of the company. Scope 2 emissions are indirect greenhouse gas emissions from purchased energy, such as electricity, steam, district heating or cooling, that is generated outside the limits of the company’s own system but is consumed by the company.

SOCIETY

14 Employee rights

As part of the TE Connectivity Group, First Sensor is included in sustainability aspects that concern social and community issues. TE Connectivity’s One Connected World strategy is focused on the company’s social responsibility. Its goals include being a top employer for employee engagement and integration in the sector, becoming a sector leader on diversity in the workforce with an inclusive workforce that enjoys equal rights, occupational safety including reducing the total recordable incident rate (TRIR) to 0.12, respect for human rights along the entire value chain, and impact 10 million people through STEM education.

For First Sensor, whose locations are all in Germany, employee rights are a high priority. Many of these are enshrined in law, and it goes without saying that the corresponding frameworks are also applied at First Sensor. Key topics in this respect include fair pay, protection against termination, transparent disciplinary and dismissal practices, and agreements on working hours, vacation, and parental leave. Internationally, the fundamental conventions of the International Labour Organization (ILO) in particular are important in the context of employee rights. Compliance with relevant standards, including on the part of suppliers, is described in the Guide to Supplier Social Responsibility (the SSR Guide).

The specific aspects at First Sensor include the application of the *Mindestlohngesetz* (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.

15 Equal opportunities

First Sensor's attractiveness as an employer is very important for its future success in order to ensure long-term loyalty to the company among its best and brightest. Highly qualified and motivated employees are a key factor, which is why First Sensor does not limit itself to merely complying with the minimum national and international standards. The health and professional development opportunities of employees are also central and highly important issues in the area of strategic HR management. 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 already supported initiatives that contribute to preserving and promoting equal opportunities and diversity within the company, and a diversity concept that emphasizes this was adopted in the 2022 financial year. 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. This also includes the impartial integration of people with disabilities in the work process. 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 goals 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 create a work environment where all employees are engaged and feel that all differences are valued and all opinions count. We measure our success in this area by setting aspirations for our workforce demographics and analyzing our engagement and inclusion indicators through our Every Voice Counts Survey." In the 2023 financial year, activities and offers to promote diversity focused on internships for people who can no longer practice the profession in which they are trained for health reasons and internships for career guidance and preparation for vocational training. First Sensor also took part in an IHK job fair for refugees.

In the medium and long term, the Supervisory Board also aims to appoint a woman to the Executive Board of the Company. To avoid setting a goal that the Supervisory Board did not consider realistic to achieve with the resources available to it or in the interests of the Company, it has limited itself to a target figure of 0%. The Executive Board of the Company has also resolved a target for the proportion of women in the two management levels below the Executive Board in accordance with Section 76 (4) AktG. By June 30, 2027, the proportion of women at these levels is to reach 28.6%. The first level below the Executive Board comprises 48 executives as of the end of the reporting period, of whom nine are female, corresponding to 18.8%. This means the target of 28.6% has not yet been met. A second management level below the Executive Board no longer exists in the current structure.

First Sensor is not party to collective wage agreements. As part of the integration, the TE Connectivity Global Job Framework was introduced at First Sensor. This guarantees comparable pay for comparable work, independently of gender, age or other personal characteristics. Moreover, agreements are negotiated with the respective First Sensor employee representation bodies and recorded in works agreements (GRI 102-41).

Owing to the age structure, it is also important for First Sensor to create the conditions required to help employees achieve 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. 32.8% of First Sensor 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 2023 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.

The materiality analysis assigned high priority to the occupational health and safety aspect at First Sensor (GRI 403-1,-2,-3). The physical well-being of employees and safety at work also play an especially important role in HR work at First Sensor. Measures for preventive healthcare are largely the responsibility of HR. Examples of such measures include fruit and beverages, vaccination campaigns, and the popular company bicycle scheme. In addition, health days were held in 2023 and eye examinations were offered for employees who use computer workstations. Measures for protecting against infection, such as masks, working from home, social distancing, and plexiglass screens, are offered as needed.

This is similar to the TE Connectivity 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. First Sensor's health, safety and environmental (HSE) management has now been integrated into the TE Connectivity 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 Connectivity locations.

Audits are carried out at First Sensor 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 and by safety initiatives such as LOTO.

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, feedback 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). The key figure system was harmonized as part of the integration into the TE Connectivity Group. First Sensor now determines the "total recordable incident rate" (TRIR). The TRIR calculations reflect the number of recordable injuries per 100 full-time employees in a period of one year. A recordable incident is any work-related injury or sickness that leads to death, loss of consciousness, absence from work, limited work activity, a transfer to a different job, or medical treatment that goes beyond first aid.

The data for First Sensor’s locations are as follows:

Total recordable incident rate of First Sensor AG (Group)	2022	2023
Total number of hours worked	1,029,409.38	1,030,577.89
Number of incidents	2	1
TRIR per 100 employees	0.3	0.2

First Sensor’s TRIR is thus well below the average for manufacturing companies (2.8), and instead is closer to the typical level for companies in the field of technical services (0.4).

A number of other activities for better health protection are carried out regularly. Examples of these measures include free fruit baskets and beverages, and vaccinations. The company bicycle scheme is also very popular. Working from home is now a fixed component of the works agreements rather than just being used for protecting against infection.

16 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. In the 2023 financial year, €337 thousand (previous year: €220 thousand) was spent on corresponding measures (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’s existing workforce. First Sensor provides professional training for micro-technologists (19), specialists in warehouse logistics (2) and mechatronics engineers (2). The company thus employed 23 apprentices as of September 30, 2023 (previous year: 30), and the training rate came to 3.4%.

Only 32% of employees at the First Sensor Group are over 50 years of age. Nevertheless, the Executive Board is aware that this is no reason to ignore the challenges of demographic trends in the long term.

Below 30 years of age	16%
Aged 31 to 40	30%
Aged 41 to 50	22%
Over 51 years of age	32%

At 31.4%, First Sensor has a comparatively high proportion of academics for a production company due to the sophisticated technological demands of its work.

17 Human rights

TE Connectivity’s global presence means that the TE Connectivity Group and thus also First Sensor are required to focus on protecting global human rights. For this reason, the first human rights risk assessment has now been performed to identify areas involving strengths and risks for TE Connectivity’s own activities and in its supply chain. Accordingly, the company has adopted and published its own [Global Human Rights Policy](#).

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 Connectivity’s corresponding guidelines, which stipulate that nobody is employed against their will or forced to work involuntarily. TE Connectivity stands against and prohibits all forms of slavery or practices similar to slavery. This Code of Conduct applies to all TE Connectivity employees and

contractors in every country in which the TE Connectivity Group operates. All suppliers are also expected to adhere to this policy (GRI 412-1, 2, 3).

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

18 Community

Sustainable business development benefits not only the shareholders of the listed stock corporation, but also many other groups, including customers, employees, suppliers and, not least, society in general. The materiality analysis concluded that the economic performance of First Sensor is extremely relevant to internal and external stakeholders.

TE Connectivity also supports the community 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 Connectivity's philanthropic spending and volunteer events. A large part of its corporate philanthropy is employee-driven through the Community Ambassador Program and similar programs for donations and volunteering, allowing employees to personally engage in supporting TE Connectivity's philanthropic goals. In the past year, First Sensor facilitated scholarships with a donation to a school that helps prepare young people for working life.

19 Political influence

As a matter of principle, First Sensor does not exert political influence or give donations to political parties (GRI 415-1). First Sensor is a member of various initiatives and associations. This network primarily serves to facilitate professional dialog and membership does not entail any political influence (GRI 102-13).

20 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 Connectivity Group, First Sensor has also adopted TE Connectivity's standards on ethics and compliance in this area. [TE Connectivity'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 covers all relevant areas and establishes a connection with the Group-wide values, which aim to promote integrity toward one another as well as toward customers, partners, and other stakeholders. By focusing on these fundamental values – integrity, accountability, inclusion, teamwork, and innovation – the Guide also 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 Guide is integrated into the structures and processes of First Sensor's risk and compliance management system (GRI 205-1). There is a procedure for reporting violations against the Code (whistle-blowing), including confidentially or anonymously. At the time this report was prepared no cases within the First Sensor Group were reported (GRI 205-3).

The prevention of corruption is a particularly important area of compliance. Corruption is not just a trivial offense aimed at giving 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 Guide is dedicated to dealing with business partners and third parties. This is supplemented by additional internal guidelines. This expectation is communicated not just to all members of the Supervisory Board

and the Executive Board as well as all employees and managers, but also to suppliers through supplier management and the Supplier Code of Conduct (GRI 205-2).

No sanctions within the First Sensor Group were imposed in connection with prosecuted legal violations or violations of economic or social provisions in the 2023 financial year (GRI 419-1).

EU TAXONOMY

With its “Sustainable Finance” action plan, the European Commission intends to promote the flow of capital to sustainable investments and address the financial risks arising from climate change, scarcity of resources, destruction of the environment, and social problems. The EU Taxonomy, which came into force in 2020, is a system for classifying environmentally sustainable economic activities. Companies like First Sensor are required to make disclosures on this Taxonomy.

These disclosures comprise the following key performance indicators (KPIs): reporting the share of sales generated with products/services associated with economic activities that can be classified as environmentally sustainable. In addition, companies must report the respective share of capital expenditure (CapEx) and operating expenditure (OpEx) in connection with assets or processes associated with economic activities that can be classified as environmentally sustainable. The applicable regulations are the delegated acts on the EU Taxonomy that have been published for the objectives of climate change mitigation and climate change adaptation. At the time of this report being prepared, no criteria have yet been published for the objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

In the first step, economic activities may meet the criteria to be classified as Taxonomy-eligible. Their respective Taxonomy alignment is reviewed in the next step. Economic activities are considered to be Taxonomy-aligned if they make a substantial contribution to achieving one or more of the environmental objectives, while also doing no significant harm to any other environmental objective and complying with minimum safeguards for labor standards and human rights.

The transparency resulting from quantitative disclosures (KPIs) and qualitative disclosures on sales, investments, and operating expenses should allow comparisons of different business models in terms of their ecological sustainability, thereby contributing to 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 Connectivity Group, is included in the parent company’s Corporate Responsibility Program. TE Connectivity 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, inclusion, teamwork, and innovation in conjunction with global challenges in terms of social and ecological activism. The strategy is built around the ambitions for 2030/2032, and the report covers the progress made in the reporting period as well as other planned activities. First Sensor is included in the reporting of performance indicators (see Performance Summary) and the relevant standards (GRI, SASB, TCFD).

Reporting on Taxonomy-eligible and Taxonomy-aligned economic activities under the EU Taxonomy is obligatory for First Sensor. Following a due review of the applicable technical assessment criteria, First Sensor therefore makes the following declaration:

	2022	2023
Taxonomy-eligible economic activities	0%	0%
Non-Taxonomy-eligible economic activities	100%	100%

	2022	2023
Taxonomy-aligned economic activities	0%	0%
Non-Taxonomy-aligned economic activities	100%	100%

The Taxonomy-aligned investments amount to 0% (previous year: 0%) and the operating expenses likewise to 0% (previous year: 0%).