

# Environmental policy

The Environmental Policy is an integral part of the Melexis Environmental Management System. It aims to embed environmental criteria in Melexis operations and products to ensure environmental protection and sustainability.

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## Scope

The policy applies to the largest sites of Melexis in Sofia, Ieper, Erfurt, Corbeil, Kuching, and Tessenderlo.

## Environmental context of Melexis business

Melexis is a global supplier of microelectronic semiconductor solutions that designs, develops, and delivers edge sensor and driver solutions for a safe, comfortable, and sustainable future. Melexis is a fabless semiconductor company, which means that our main production process is testing, as can be seen in the overview of the company's major processes:

1. **Chip definition:** required functions and operating parameters.
2. **Chip design:** development of the chip plan, which is then turned into a virtual integrated circuit to verify its performance and integrity through simulations.
3. **Chip layout:** preparation for physical production.
4. **Chip production** (outside of Melexis operations): chip layout is transferred to a wafer fab facility.
5. **Wafer testing** (probing).
6. **Chip encapsulation** (outside of Melexis operations): separating the wafer into individual dies to assemble them into the required package.
7. **Chip testing** (final test).

## 8. Sales and distribution.

According to the statistical classification of economic activities in the European Community (NACE), Melexis operates within division 26.11 Manufacture of electronic components, which is considered to have a high climate impact. However, due to its fabless nature, Melexis is defined as a company with a low environmental impact by ISO 14001 certification rules.

Melexis has 19 offices in 12 countries, including five production facilities. The production facilities account for the largest share of resource use and potential environmental impacts and thus are monitored most closely.

A major share of Melexis sales revenue comes from the automotive market and a minor part from markets grouped in the “beyond automotive” segment.

## Purpose, mission, and vision towards the environment

Environment is a starting point of the Melexis **purpose**:

*We innovate to make our **planet a better place**. We care for our people and your people. We sense your needs and drive your future. We engineer globally, with an inclusive mindset. Our promise is results. That's what we call: innovation with heart.*

Environmental sustainability is also a pillar of the Melexis **mission**:

*Empower engineers to turn their ideas into applications that support the best imaginable future; one that is safe, efficient and **sustainable**.*

...and **vision**:

*The best imaginable future. This is what Melexis shapes. A future that is safe, **clean**, comfortable and healthy. Because we care. **We care about our planet**, about our customers and about our colleagues.*

So, the **purpose of Melexis environmental policy and program** is:

*Melexis contributes to environmental sustainability both in the application of its products and in the way they are produced, striving to mitigate adverse environmental impacts throughout the whole value chain.*

## Environmental strategy

Melexis corporate strategy is rooted in ESG, where E stands for Environment, S for Social, and G for Governance.



Picture 1. Melexis corporate strategy.

We defined five principles of the Environmental Strategy covering key environmental topics:

**1. Sustainable solutions:** we develop products that promote sustainable applications.

- **Sustainable Automotive.** From sensors and sensor interfaces to embedded and smart drivers, Melexis products contribute to improved sustainability of the automotive industry, exemplified by but not limited to electrification, emission reduction, energy efficiency, safety and reliability.
- **Sustainable World.** Melexis is committed to developing innovative sensing and driving solutions that promote energy efficiency in the transition to a clean energy-powered world. Our current and position sensors and motor drivers are already contributing to this theme. We are exploring new solutions to improve energy efficiency in major electric systems like industrial motors, heat pumps, and renewable energy inverters.
- **Alternative Mobility.** The transportation landscape is evolving rapidly, with a growing focus on environmentally friendly solutions like e-bikes, e-scooters, drones, and eVTOLs. Melexis is developing solutions for these emerging markets, including an innovative torque sensor and a dedicated motor driver for electric bicycles. Our position, speed, and current sensors are also playing a key role in enabling this shift towards alternative mobility.

2. **Prevention is better than cure:** we monitor our environmental performance and continuously search for ways to enhance it.
  - Evaluation of environmental **KPIs** against targets defined below by Balance-Score-Card, as well as additional KPIs such as:
    - Waste per treatment type;
    - Energy consumption per source (renewable, nuclear, fossil);
    - Operating and capital expenditures (CapEx and OpEx) along with major incidents and deposits (pollution).
  - Follow-up of local environmental **action plans** via environmental [aspect table](#) for each major site.
  - **Internal audits** under the global Melexis audit program.
  - **ISO 14001** surveillance audits at major sites to verify compliance with the Environmental Management System by an independent certification body. Regular environmental Management Review towards the management team.
  - Annual **carbon footprint calculation** performed and validated by a third party, scopes 1, 2, and 3.
3. **Standards matter:** We ensure the validation of our environmental performance by complying with local and global environmental legislation and voluntary certification, such as but not limited to:
  - ISO 14001
  - Restriction of Hazardous Substances (RoHS)
  - Conflict minerals requirements based on Dodd-Frank
  - Wall Street Reform and Consumer Protection Act
  - End-of-life vehicles (ELV and waste electrical and electronic equipment (WEEE))
4. **Total environmental impact counts:** we act to minimize the environmental impact throughout the whole value chain, including the “first time right” principle within our operations. Our Environmental Management System considers environmental aspects both within and outside Melexis operational control, according to the lifecycle approach.
5. **Open dialogue with all stakeholders:** we establish a clear environmental governance model that considers all interested parties:
  - **Customers:** close communication loops with our customers help us identify new development opportunities for environmentally friendly products. Melexis is accountable for supporting customers and supplying them with products of the highest quality only, to meet customer requirements in a manner that is consistent with environmental standards.
  - **Colleagues:** ESG Core Team; quality, facility, procurement, finance, and legal teams; and ultimately all employees of Melexis, as each of us contributes to environmental sustainability.

- **Investors:** Melexis strives to ensure minimizing risks while maximizing returns to guarantee a good relationship with our investors.
- **Suppliers:** a separate Procurement ESG Policy clarifies requirements and commitments toward Melexis suppliers related to the environment.
- **Subcontractors** form a crucial element of our Environmental Policy as they provide goods and services.
- **Society:** we recognize that we have a responsibility towards the local communities and surrounding environment where we operate and hence take their needs and requirements into account in terms of strategies and objectives.
- **Legal authorities:** legal requirements set into force with laws and regulations by the relevant local legal authorities are recorded by each national organization. These are communicated to the relevant local sites regularly by our environmental coordinator. Compliance with local, national, and international legislation that is relevant for our customers is also taken into account and given as much attention as our customer-specific requests.
- **Management:** including the ESG Strategy Team, ESG Committee, and Executive Team, to ensure the ESG priorities are closely linked to the corporate strategy.

## Environmental objectives

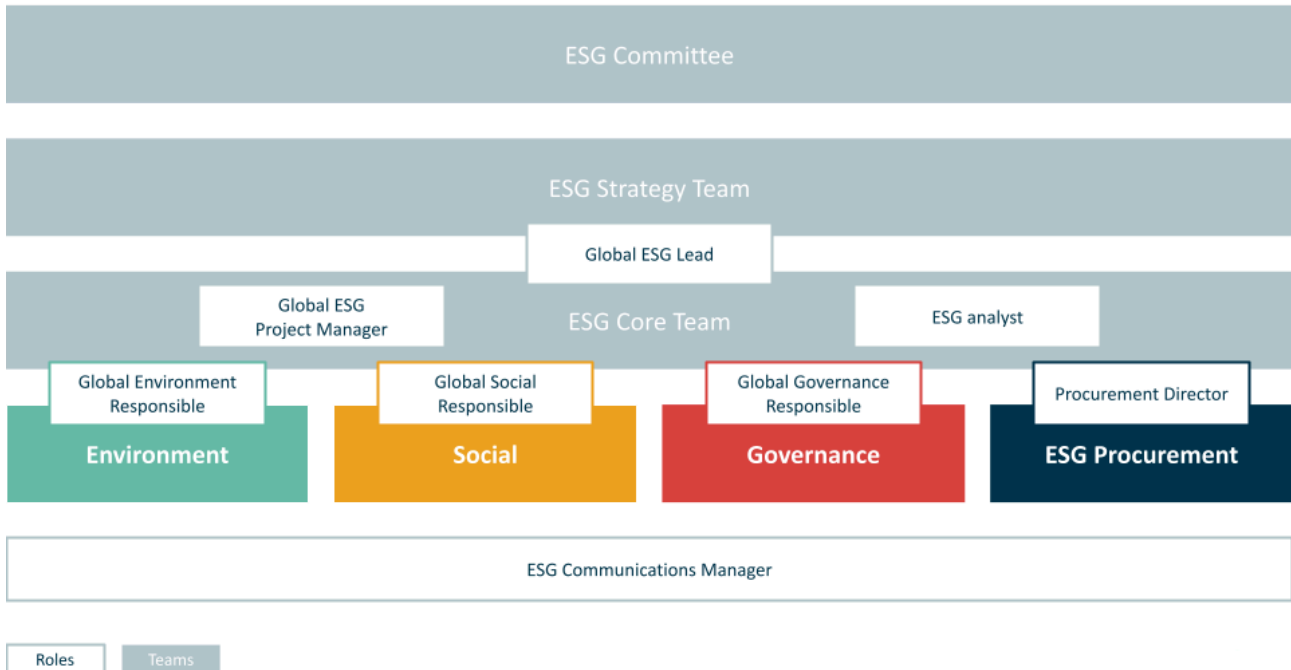
To contribute to the carbon neutrality goal of the European Green Deal by 2050, in 2022 we announced a **-40% by 2030 global target**. It means that Melexis aims to reduce Scope 1 and 2 GHG emissions per sold chip by 40% by 2030 in comparison with 2021. The actual performance is annually reviewed against this target.

**Locally**, environmental targets are set annually for major Melexis sites. Depending on significant environmental aspects, these KPIs may include, and are not limited to:

- Electricity consumption, MWh.
- Fuel consumption, heating and cooling, MWh.
- Waste generation, disaggregated by major waste streams, ton.
- Water consumption, m3.
- Liquid nitrogen consumption per million tested devices, ton.

## Environmental governance

Environment is an essential part of the global Melexis ESG governance model. Key operational and tactical decisions are taken in the ESG Core Team. Strategic decisions and necessary approvals take place in the ESG Strategy Team (executive level), and the ESG committee (board level).



Picture 2. Global Melexis ESG governance model.

The environmental governance model is a part of the Melexis Environmental Management System certified by ISO 14001, and consists of global and local governance levels.

	<b>Global</b> <span style="background-color: #2e8b57; color: white; padding: 2px;">Global Environment Responsible</span> <b>Driver: Environmental Program SteerCo</b>	<b>Local</b> <span style="background-color: #ff8c00; color: white; padding: 2px;">Quality Management System Manager</span> <b>Driver: Quality Management System team</b>
Strategy & roadmap	Global environmental <b>policy</b> and program	Local environmental SWOT, <b>aspect analysis</b> & Action plan
Environmental KPI	Global carbon targets	<b>Local KPI</b> (waste, water, energy)
Environmental compliance	Global representation in audits; <b>global audit actions</b>	Regular tours, compliance with <b>local legislation</b> ; local audit representation
Environmental processes	Ensure harmonized processes across sites	Management review, up to date environmental <b>documentation</b>
Environmental communication & reporting	Awareness; environment in <b>annual report</b> ; carbon footprint calculation; E-rankings	Environmental performance <b>data collection</b> ; reporting to SIMT
Actions	Carbon footprint projects; global overview of all environmental projects	<b>Waste &amp; hazardous material</b> management

Picture 3. Melexis environmental governance model. SiMT – Site Management Team.

**Globally**, a cross-functional Environmental Program Steering Committee (SteerCo) defines the Melexis Environmental Program in alignment with the ESG Strategy Team and ESG Committee and ensures its implementation. The SteerCo consists of the ESG Procurement representative, Quality Management Team representative, and ESG analyst, and is coordinated by the **Global Environment Responsible**. Global Environment Responsible also:

- Represents the Environmental Program in the ESG Core Team;
- Ensures smooth collaboration on environmental topics with all stakeholders;
- Acts as a single point of contact for environmental topics.

**On a site level**, the Quality Management System team is responsible for **local** compliance, data collection and analysis, action plans, and reporting.

## Actions

Monitoring results are translated annually into **global and local environmental improvement plans**. Progress of the environmental planning is reported regularly to Local and Global Management and is reviewed by the Environmental Program Steering Committee. Once per year, Senior Management evaluates the efficiency of the environmental system.

Priority directions for actions within three material topics:

1. Climate Change – Carbon Footprint Reduction
  - Minimization of energy consumption
  - Transition to low- and zero-carbon energy
  - Designing products for sustainable applications
2. Pollution – prevention of leakage of possible pollutants, such as refrigerants
3. Resource Use
  - Waste reduction
  - Waste recycling
  - Raw material use reduction

## Other environment-related policies and procedures

In addition to this overarching Environmental Policy, these procedures, templates, and work instructions facilitate environmental management and performance of Melexis:

- Procurement ESG Policy
- Purchases with environmental impact: Work Instruction and Checklist
- Environmental Aspects: Work Instruction and Template
- Procedure environmental protection, activities, and responsibilities
- Work Instruction handling of environmental customer requests
- Work Instruction handling Of environmental laws

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11 June, 2024  
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