



# 2021 ENVIRONMENTAL SOCIAL & GOVERNANCE (ESG) REPORT

VALENS SEMICONDUCTOR LTD. | NYSE:VLN

# TABLE OF CONTENTS

## Introduction Chapter

Letter from the CEO and Chairman of the Nominating, Governance and Sustainability Committee .....	3
About Valens Semiconductor .....	5
Summary of Financial Results .....	5
Our Commitment and Targets .....	6
UN Sustainable Development Goals (SDGs) .....	7
Our ESG Review Process .....	9
Stakeholder Engagement .....	10

## Products and Sustainability

Innovations that Connect and Drive Us Forward .....	12
Valens Semiconductor Connectivity Technology – Product Features .....	14
Audio-Video Connectivity Solutions for Greater Collaboration, Equality, Health and Safety .....	15
Redefining Connectivity in the Automotive Industry .....	17
Driving Enhanced Safety with Our Automotive Solutions .....	19

## Environmental Business Stewardship

Design for Sustainability .....	21
Environmental Impact through the Value Chain.....	23
Our Environmental Management Approach .....	24
Office Operations .....	25

## People and Society

Work Environment .....	28
Equity, Diversity and Inclusion .....	29
Employee Health and Safety .....	31
Training and Talent Development .....	31
Employee Wellbeing .....	33
Community Engagement and Social Impact.....	35

## Responsible Governance

Responsible Governance .....	38
Introducing our Board of Directors .....	39
Operating with Ethics and Integrity .....	42
Code of Conduct (RBA) Across the Supply Chain .....	43
Our Risk Management Strategy .....	44
Cyber Security Approach .....	45
Safeguarding Privacy .....	45

## Appendix

About this Report .....	47
Forward Looking Statements.....	48
GRI Index .....	49
SASB Index .....	53



# INTRODUCTION

Letter from the CEO and Chairman of the Nominating, Governance and Sustainability Committee



GIDEON BEN ZVI



MOSHE LICHTMAN

**At Valens Semiconductor, our mission is to push the boundaries of connectivity in the dynamic and growing automotive and audio-video markets. We constantly strive for excellence and innovate daily to ensure our products and solutions meet the highest standards of our customers and provide society the connectivity it requires in an ever-evolving environment.**

**We are proud to share Valens Semiconductor's inaugural Environmental, Social and Governance (ESG) Report, for the reporting year 2021.** The purpose of this report is to affirm our commitment to all stakeholders that our company is actively aware of and engaged in addressing today's pressing environmental, social and governance needs. Knowing that managing ESG risks and maximizing ESG opportunities are strategically important to the current and future growth of Valens Semiconductor, in 2021, as we listed on the New York Stock Exchange, our Board of Directors established a dedicated Nominating, Governance and Sustainability Committee to direct and guide our sustainability and ESG strategies. We also support the United Nations Sustainable Development Goals and recognize that these goals can only be achieved with commitments from individual companies like Valens Semiconductor.

**As a fabless company, we are collaborating with partners throughout our value chain to minimize our products' environmental impact.** In 2020, we set a target to achieve carbon neutrality across our product portfolio by 2039. We are proud to work with like-minded suppliers, who strive to operate in an environmentally sustainable manner.

**In both the audio-video and automotive markets, by promoting industry-wide innovative standardization, Valens Semiconductor contributes to endorsing interoperability among a wide range of players and broadens the array of options for users.** For example, as the automotive industry is undergoing a major revolution that is reshaping the future of vehicles and transportation, Valens Semiconductor is redefining the realm of possibility within automotive connectivity by providing a unique and comprehensive set of high-speed connectivity solutions for today and tomorrow's cars. Valens Semiconductor technology is a key enabler of ADAS and autonomous vehicles, which are expected to transform the automotive industry and increase sustainability.

When COVID-19 halted in-person studies, our audio-video connectivity solutions became key for hybrid and remote classrooms, enabling co-workers, teachers, and students to come together regardless of their location. In today's 'Next Normal', hybrid options continue to be relevant in both the corporate world and in

education. **In many ways, our technology democratizes opportunity and fosters equity.** Devices enabled by our technology is intended to enhance the hybrid experience by advancing connection and collaboration worldwide.

**In 2020, we created an Environmental Work Plan that outlines annual objectives that include, but are not limited to, employee awareness, internal audits, and corrective and preventative action plans.** We continue to foster diverse and inclusive teams and strive to ensure diversity, equity, and inclusion which are foundational to our programs and policies.

**In 2021, we collaborated with a local non-governmental organization to host female empowering training sessions promoting women and gender equality.**

**As a technology company, we recognize the importance of promoting Science, Technology, Engineering and Math (STEM) skills to students.** In 2021, we became an official sponsor of the Sail-IL team, a group of 25 engineering students who work together to design and build an autonomous surface vessel to compete in the international RoboBoat challenge. This is an exciting way for students to develop valuable STEM skills, collaborate and enjoy the real-time results of their efforts.

**Testimony to the compassionate culture of our employees,** which we are proud of, is our participation in the Tel Aviv 10k Night Run. This event is Sunrise Israel's fundraiser, to increase awareness and raise money to assist thousands of kids fighting cancer.

**At Valens Semiconductor, we continually innovate to make the world a better place for our employees, communities, and customers.** We are incredibly grateful to our team and business partners across the supply chain for the progress we have achieved together. Importantly, we are excited about what Valens Semiconductor can accomplish in the future as a highly aware and committed global corporate citizen.



**Gideon Ben Zvi**

Chief Executive Officer  
Valens Semiconductor Ltd.



**Moshe Lichtman**

Chairman  
Nominating, Governance  
and Sustainability Committee  
Valens Semiconductor Ltd.

## KEY ACCOMPLISHMENTS 2020 and 2021



Environmental  
work plan



Target carbon  
neutrality by  
2039



Female  
empowering  
sessions



Fostering  
diversity &  
inclusivity



Industry-wide innovative  
standardization



Sponsoring educational programs  
and promoting fundraising events



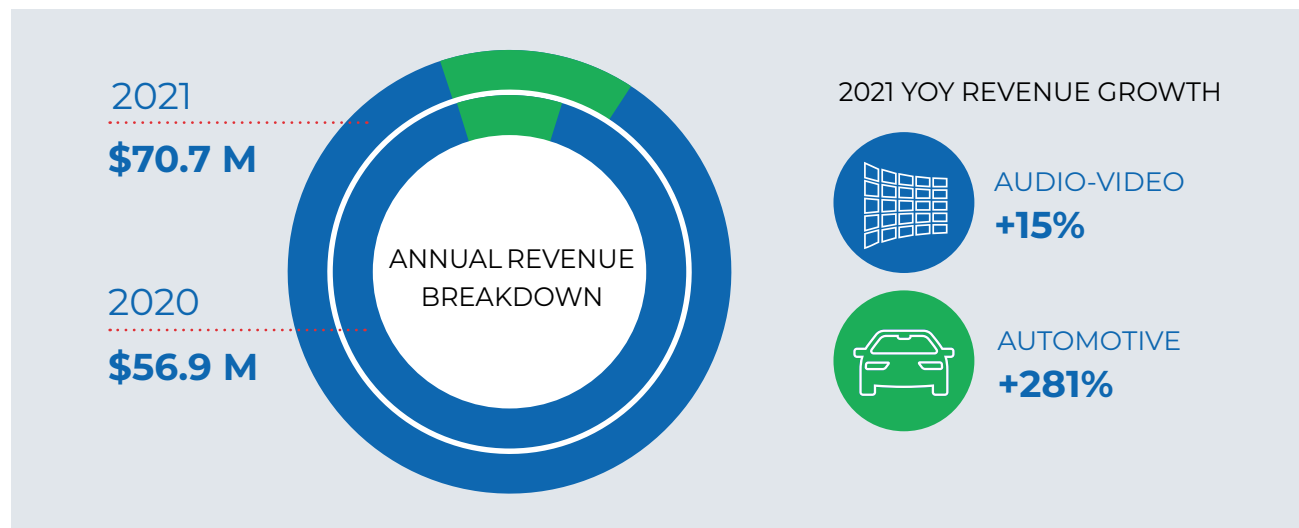
# ABOUT VALENS SEMICONDUCTOR

Valens Semiconductor Ltd. (NYSE: VLN) was incorporated in Israel in 2006 and listed on the New York Stock Exchange in September 2021.

Valens Semiconductor is a fabless semiconductor company. We push the boundaries of connectivity by enabling long-reach, high-speed video, and data transmission for the evolving automotive and audio-video markets. Our cutting-edge high-speed connectivity solutions are implemented over simple wiring infrastructure, which creates safer and greater energy efficiency.

Valens Semiconductor's HDBaseT technology is the leading standard in the audio-video market with tens of millions of our chipsets integrated into thousands of products in a wide range of applications.

The company's automotive chipsets are deployed in systems manufactured by leading companies and are on the road in vehicles around the world. Valens Semiconductor is a key enabler of the evolution of Advanced Driver-Assistance Systems (ADAS) and autonomous vehicles. Our advanced technology is the basis for the MIPI A-PHY industry standard for high-speed in-vehicle connectivity, which was also adopted by the IEEE organization.



## SUMMARY OF FINANCIAL RESULTS

(U.S. Dollars in thousands, except per share amounts)

	Year ended December 31	
	2021	2020
Revenues	70,684	56,910
Gross profit	50,579	43,478
Gross margin	71.6%	76.4%
Net loss	(26,534)	(19,635)
Cash, cash equivalents and short-term deposits <sup>1</sup>	174,359	61,570
Net cash used in operating activities	(21,609)	(19,606)
<b>Non-GAAP Financial Data<sup>2</sup></b>		
Non-GAAP Gross Margin	71.8%	76.9%
Adjusted EBITDA	(16,098)	(16,366)
Adjusted EBITDA - after issuance-related costs	(14,010)	(16,366)
Loss per share - after issuance-related costs	(0.62)	(1.88)

<sup>1</sup> As of the last day of the period

<sup>2</sup> See footnotes and reconciliation of GAAP to non-GAAP financial measures in our [Fourth Quarter and Full Year 2021 press release dated February 28, 2022](#)

# OUR COMMITMENT AND TARGETS

## Environment



- Reduce our per employee energy use in the office by at least 5% in 2022
- Launch a corporate campaign in 2022, to reduce usage of printed materials
- Convert to recycled office paper or certified office paper by end of 2023
- Initiate a pilot to replace paper notebooks with electronic eco-friendly reusable notebooks or personal electronic devices (such as laptops, tablets, cell phones) starting by 2023
- Transition our employee leased company vehicles to be at least 70% hybrid or electric by 2030

## Social



- Increase the representation of women in technical and entry level positions across the company by 10% by 2030
- Increase the representation of women in managerial roles by 10% by 2030
- Continue to promote employee health and wellbeing through consistent and diverse events

## Governance



- Continue to achieve a 100% rate of employees receiving training on our Code of Business Conduct and Ethics
- Maintain a highly independent Board by keeping an independence rate of 75% or above
- Further integrate sustainability into our governance approach through the leadership and insight of the Nominating, Governance and Sustainability Committee, with a target of bi-annual review
- Further enhance our internal auditing methodology to increase governance efficacy



# UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN Sustainable Development Goals (SDGs) focus on motivating action in areas of significant importance for humankind and the planet we live on. Our core business and ESG - environmental, social and governance - strategies are applicable to the below SDGs.



## GOOD HEALTH AND WELL-BEING

**Ensure healthy lives and promote well-being for all at all ages**

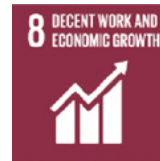
As a key enabler of lifesaving ADAS, our cutting-edge connectivity solutions for automotive are designed to help reduce deaths and injuries from road traffic accidents. Our non-automotive solutions help enable access to high quality essential healthcare services, such as visualization systems to represent patients' conditions accurately and safely. See [Products and Sustainability](#)



## QUALITY EDUCATION

**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

By helping enable high-quality remote learning, our chipsets contribute to improving the accessibility, equitability and stability of education systems worldwide. Our audio-video connectivity solutions are designed to empower schools, universities and other academic institutions in eliminating gender disparities, increasing access and ensuring continuous and equitable education. They contribute to enabling easier building and upgrading of education facilities, allowing schools to operate as required during the school year. This is especially relevant to students located in the periphery and all those who are unable to attend in-person learning. See [Products and Sustainability](#)



## DECENT WORK AND ECONOMIC GROWTH

**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

We promote equitable economic growth by driving technological innovation and creating accessible industry-wide standards that are shared through the HDBaseT and MIPI Alliances. With Valens Semiconductor chipsets, car manufacturers can enhance efficiency by substantially reducing massive amounts of heavy cables. Harness assembly is the only manual assembly line in modern car manufacturing and using our chipsets can substantially reduce human errors. At Valens Semiconductor, we are focused on creating a meaningful, healthy, and enriching work environment for our employees. We value a healthy work-life balance and offer our employees a variety of well-being programs that include sports activities, educational lectures, and family events. See [Environmental Business Stewardship](#); [People and Society](#); [Products and Sustainability](#); [Responsible Governance](#)



## **INDUSTRY, INNOVATION & INFRASTRUCTURE**

**Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation**

Our technology contributes to more efficient use of resources and the greater adoption of green and environmentally responsible technologies and industrial processes. We also help advance the adoption of high quality, reliable, resilient, and more sustainable technologies. Valens Semiconductor shares the specification of such advanced technologies through various standardization organizations. Being a standard setter in the audio-video (leading the HDBaseT standard) and automotive (leading the MIPI A-PHY standard) industries, we encourage our partners to transition to more environmentally sound products. See [Environmental Business Stewardship; Products and Sustainability](#)



## **SUSTAINABLE CITIES AND COMMUNITIES**

**Make cities and human settlements inclusive, safe, resilient and sustainable**

Our technology facilitates road safety and sustainability, and increasingly plays an essential role in ADAS, electric cars, and autonomous vehicles, all of which help to reduce congestion, energy consumption and emissions. Our connectivity solutions are deployed in command-and-control centers and in signage, augmenting rider experiences and safety on public transportation. Our technology deployed in videoconferencing and education systems reduces the need for commuting and accelerates closing social and economic gaps. See [Environmental Business Stewardship; Products and Sustainability](#)



## **RESPONSIBLE CONSUMPTION AND PRODUCTION**

**Ensure sustainable consumption and production patterns**

Our solutions help reduce environmental impact throughout the product lifecycle. We aim to lower energy and material consumption in the enormous automotive industry. For example, our solution enables the use of lightweight Unshielded Twisted Pair (UTP) cables in vehicles. In addition, our products allow the adoption of zonal architecture solutions for the automotive industry, which decreases the weight and usage of cables, leading to reduced fuel consumption and waste generation. As electric vehicles become popular, our technology is expected to contribute to a greener environment. See [Environmental Business Stewardship](#)



## **CLIMATE ACTION**

**Take urgent action to combat climate change and its impacts**

Our high-speed connectivity technology helps reduce the emissions and overall environmental footprint of the automotive sector, through advanced algorithms and component integration that are designed to help optimize overall system power consumption. In the audio-video sector our technology is designed to improve quality of videoconferencing, reducing the need for commuting and business travel. See [Environmental Business Stewardship; Products and Sustainability](#)



# OUR ESG REVIEW PROCESS

We conducted an internal review to analyze the sustainability impact areas relevant to our business, based on:

- Discussions with senior management and ESG team-leads
- International reporting standards Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)
- UN Sustainable Development Goals (SDGs)
- Benchmarking of semiconductor, audio-video and automotive technology sectors
- Our corporate values and mission
- Dialogue with stakeholders

Our analysis covered the following topics<sup>3</sup>:



## Environment

- ADAS and autonomous vehicle evolution
- Carbon footprint
- Environmental impact of the product throughout the value chain
- Vehicle energy efficiency and air pollution



## Social

- Diversity and inclusion
- Health and safety
- Talent development



## Governance

- Compliance and regulation
- Corporate governance, ethics and anti-corruption
- Customer satisfaction
- Data security and privacy
- ESG management
- Product quality
- Responsible sourcing

We plan to evaluate our list annually to ensure our ESG communications and updates remain relevant to our stakeholders.

<sup>3</sup> By alphabetical order

# STAKEHOLDER ENGAGEMENT

As an industry leader in setting interoperability standards, we recognize the importance of considering diverse perspectives throughout our ESG management processes.

Our active participation in stakeholder dialogue enriches our technical and operational excellence. Our main stakeholders include our employees, customers, business partners, regulators, suppliers, business alliance groups, shareholders, local community members and non-government organizations (NGOs). We engage with stakeholders through a wide range of methods including<sup>4</sup>:

- Business collaboration and partnerships
- Conferences and tradeshows
- Customer relationship management
- Plugfests<sup>5</sup>
- Social media channels
- Webinars

We are active contributors in numerous industry associations including:

- HDBaseT Alliance founder and Board Member
- MIPI Alliance Contributing Member
- Institute of Electrical and Electronics Engineers (IEEE) Member



<sup>4</sup> By alphabetical order

<sup>5</sup> Plugfests are events based on specific technical standards where electronic equipment or software designers test their products or designs interoperability with those of other manufacturers

## Customer Relationship Management

We acknowledge the importance of our customers, who are key stakeholders of the company, and we strive to address customer needs quickly and thoroughly. As part of this approach, we view excellent technical support as critical to a successful product and customer experience.



### Quality customer experience

We have local field application engineers in four global regions, ensuring a high-quality customer experience regardless of location or language.



### Annual customer satisfaction survey

To complement our ongoing efforts to obtain customer feedback and strengthen relationships management.



### Correction action plan

Implemented if required, to solve open cases and improve customer relationship management.

# PRODUCTS & SUSTAINABILITY



# PRODUCTS AND SUSTAINABILITY



Valens Semiconductor's high-speed connectivity solutions are an integral component of automotive safety and hybrid audio-video setups. The company's fabless business model drives socially and environmentally responsible growth – solving critical safety issues in cars and trucks that save lives, while reducing materials required for the implementation of our solutions. Valens Semiconductor's audio-video chipsets allow corporations, schools, and universities to operate even during severe weather and extreme events such as the pandemic. They contribute to healthcare staff safety, smarter and efficient patient treatment and care and enable command and control centers to enhance safety of public transportation.

## INNOVATIONS THAT CONNECT AND DRIVE US FORWARD

By promoting industry-wide innovative standardization in both the audio-video and automotive markets, Valens Semiconductor contributes to advancing its ecosystem.

Endorsing interoperability among a wide range of players, democratizes the market and broadens the array of options for users.

### Industry Standards Development - HDBaseT (Audio-Video)

Valens Semiconductor established the HDBaseT Alliance, co-founding it in 2010 with LG Electronics, Samsung Electronics and Sony Pictures Entertainment. The Alliance has since evolved into a thriving community of more than 200 corporate members globally. Today, millions of audio-video products worldwide are powered by the HDBaseT standard.

The HDBaseT Alliance defines the global HDBaseT standard, which is used for distributing ultra-high-definition audio and video, Ethernet, USB, control and power over a single category cable for a distance of up to 100 meters (328 feet). The HDBaseT connectivity technology reduces the amount of cable needed to transfer different data streams, while providing high performance and high-quality links.

The Alliance and its cross-industry member companies are working openly to develop, promote and advance the HDBaseT standard within the entire audio-video ecosystem across multiple industry segments.

Members of the Alliance benefit from the adoption of the HDBaseT specifications, which are key to providing simple, smooth, and reliable interoperability.





## Industry Standards Development – MIPI A-PHY (Automotive)

Valens Semiconductor's chipsets address the needs of increasingly interconnected vehicle computer systems, such as Advanced Driving Assistance Systems (ADAS), autonomous vehicles, infotainment, and telematics. Leveraging our innovation, we were proactive in setting the standard in the much larger, fragmented and traditionally proprietary automotive market. Valens Semiconductor was key to defining the MIPI A-PHY standard for in-vehicle transmission of high-speed video. The MIPI A-PHY standard is set to advance the evolution of car architecture and answer the growing need for in-vehicle high-speed video connectivity primarily for safety applications.

Our MIPI A-PHY-compliant products provide one of the safest, most resilient, high-speed in-vehicle connectivity and enhanced EMC performance. Our products allow the transmission of data through simple, low-cost, lightweight wires and connectors. We enable advanced architecture for car makers, while providing the safety and resilience required for the evolving automotive industry.

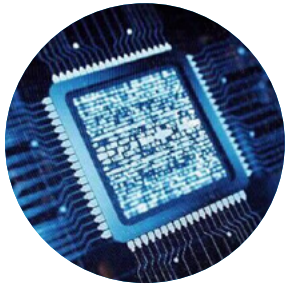
Valens Semiconductor's underlying technology was selected in 2020 by the MIPI Alliance, the standardization body governing important connectivity streams widely used by carmakers around the world, as the basis for the new standard for high-speed automotive video connectivity. In 2021, the Institute of Electrical and Electronics Engineers (IEEE) Standards Association adopted the A-PHY standard in full as one of its own standards.

Companies that participated in the development of the MIPI A-PHY standard include Intel, MediaTek, ON Semiconductor, Qualcomm, Robert Bosch GmbH, ST Microelectronics, Synopsys, Toshiba and others.

miipi alliance



# VALENS SEMICONDUCTOR CONNECTIVITY TECHNOLOGY - PRODUCT FEATURES



## AUDIO-VIDEO

**VS100™ family** - First generation of HDBaseT chipsets, which revolutionized the audio-video market by enabling transmission of uncompressed ultra-high-definition video, audio, control and power, with near-zero latency, over a single LAN cable.

**VS2000™ family** - Second generation of HDBaseT chipsets, supporting the transmission of ultra-HD video and audio, Ethernet, controls, USB 2.0, and power, over either a LAN cable or fiber cable, with near-zero latency. This product family enables point-to-point, daisy-chaining, and multi-streaming.

**VS3000™ family** - The first and only Application Specific Integrated Circuit (ASIC) in the industry that enables the long-distance transmission of uncompressed 4K@60Hz 4:4:4. It enables transmission of HDMI 2.0 (18Gbps) including HDCP, convergence of audio and video, 1Gbps Ethernet, USB 2.0, controls, and power, with near zero latency, over a category (CAT) cable.

**VA6000™ family** - Small-form factor chipset; a cost effective and flexible solution that enables the convergence of multiple interfaces, including audio (I2S, S/PDIF), Ethernet, USB 2.0 and controls with near-zero latency, over a single unshielded twisted pair (UTP) cable.

**VA7000™ family** - Low-power, small-form factor chipset that supports camera serial interface (CSI) extension over low-cost cable infrastructure, making it ideal for extending multiple cameras in Industrial, Medical, and videoconferencing applications.



## AUTOMOTIVE

**VA6000™ family** - First generation of Valens Semiconductor's chipsets for automotive. The highest bandwidth long-reach symmetric solution deployed in vehicles today, supporting the aggregation of multiple interfaces for feature-rich infotainment and telematics systems. The chipsets are designed to deliver resilient, multi-gigabit, long-distance connectivity over the simplest wiring and connector infrastructure. In December 2021, we introduced the VA6003, a derivative product of the VA6000, which brings significant power reduction, with a very efficient cost performance. It is designed to fit advanced infotainment use-cases and next generation of telematic units and smart antennas, requiring low power and resilient connectivity.

**VA7000™ family** - Second generation of Valens Semiconductor's automotive chipsets, which supports connectivity of CSI-2-based cameras, radars, LiDARs, and other sensors, with link speeds of up to 8Gbps. Operates over standard, cost-effective, in-vehicle wires for up to 15 meters (50 feet), with 4 inline connectors. It is the first product on the market that complies with the new MIPI A-PHY standard, and first to support multi-gigabit connectivity over low-cost unshielded cables and connectors.

# AUDIO-VIDEO CONNECTIVITY SOLUTIONS

for Greater Collaboration, Equality, Health, and Safety



## Encouraging Collaborative Education

**Advancements in technology have led to a new approach to learning that is more collaborative, flexible, and sophisticated. Audio and video connectivity are a central element of the hybrid and remote classroom, bringing together students regardless of their location.**

Whiteboards are replaced by digital displays and multiple sources of information. Cameras, laptops, projectors, servers, tablets, etc. are connected for an efficient, seamless, and innovative learning experience.

When COVID-19 halted in-person studies, the importance of full-time, safe, and flexible learning methods became paramount. Audio-video connectivity solutions enabled continual connection within the educational environment.

High quality access to education increases equitability by allowing at-risk students, as well as those residing in distant areas, or those that are choosing to or unable to travel, to meet their academic needs.

**Valens Semiconductor's offerings for education enhance the learning experience and deliver the optimal connectivity for campuses.** Our one-cable solution addresses distance limitations, connectivity issues and scalability in classrooms, auditoriums, and campus-wide. By leveraging pre-existing cable infrastructure with full backward compatibility with previously installed products, our technology simplifies installations, reduces costs, and allows scalability.



**By implementing our audio-video solutions, we enable educational institutions to stay open – even in extreme scenarios such as severe weather and pandemics.**



## Facilitating Hybrid and Remote Workplace Environments

The ability to work from home while being an integral part of the work community gives people with diverse needs equal and dignified job opportunities - whether they are working parents, people with mobility challenges, or those living outside of urban centers. It also provides stability to the day-to-day operations, for both corporations and employees, by reducing the impact of business disruptions such as those associated with extreme weather events and the pandemic.

**Valens Semiconductor's solutions empower 'The Next Normal' work environment, which surged following the breakout of the pandemic in 2020.**

Our zero-latency based extension technology provides the best remote and hybrid experiences, as corporations accelerate adoption of digital communication solutions.

We expect that implementation of our connectivity solutions will positively impact cities, as we minimize the need for commuting and the related air pollution, congestion, and demand for parking spaces. It also substantially reduces greenhouse gas (GHG) emissions related to air travel, as more and more meetings and conferences are held in virtual formats.

Our high-speed and high-quality connectivity enhances the capabilities and simplifies the installation of videoconferencing solutions.

**Establishing remote work options increases the potential talent pool for corporations, as geographical limitations are no longer a barrier. It also contributes to the employment equitability of those living far away from their company's offices.**



## Transforming Medical Imaging

The technological overhaul taking place in operating rooms, hospitals and medical centers is undoubtedly improving the quality of medical procedures as the highest possible medical-grade video image quality allows for the most accurate representation of patients' conditions.

Medical imaging devices, such as MRIs, CTs, robotic surgery and endoscopy solutions, all require high-bandwidth uncompressed video connectivity with zero latency. Furthermore, certain medical procedures and conditions require separating the patients from the medical staff.

The HDBaseT standard embedded in Valens Semiconductor's solutions, meets the critical needs of advanced medical systems including:

**Real-time transmission** – ultra-high-definition video with near-zero latency is critical for surgical procedures.

**Supreme performance** – uncompressed, advanced connectivity solutions that meet the high-resolution, quality and color accuracy needs of medical diagnostic imaging systems such as MRIs, X-rays, or endoscopic procedures.

**One-cable solution** – with the proliferation of advanced digital video imaging, more devices and cabling must fit into small and crowded procedure rooms.

HDBaseT improves workflow efficiency by converging and extending multiple interfaces over a single standard category cable. This reduces the number of cables and connectors, facilitating sterilization methods and increasing flexibility of equipment location.



## Connectivity for Safe Transportation

**High quality and safe passenger experience are important factors for increasing public transportation ridership.** Adding digital signage on public transportation enhances travel experience by providing accurate and real-time information. Our products are designed to optimize the delivery of content and enables the seamless convergence and transmission of multiple data streams over a single standard category cable required for displays, real-time public announcements, security cameras, and safety-related stop buttons on board.



## Powering Command and Control Centers

**Our solutions are deployed in command-and-control centers worldwide, to effectively manage their operations and enhance public safety.** Leveraging the HDBaseT technology that includes various data input convergence, zero latency, and uncompressed high resolution video distribution, deployed over a single standard low-cost cable.





# REDEFINING CONNECTIVITY IN THE AUTOMOTIVE INDUSTRY

The Automotive industry is undergoing a major revolution that is reshaping the future of vehicles and transportation. The use of high-resolution sensors (cameras, radars and LiDARs), as well as displays is increasing rapidly. We expect this trend will expedite as additional driver assistance safety solutions are implemented by car makers, and longer-term, as autonomous vehicle driving becomes a reality.



Vehicle manufacturers are continuously increasing the number of sensors and displays, which turns cars into “data centers on wheels” requiring smart connectivity products that will tackle the growing challenge of cable weight and complexity within vehicle architecture.

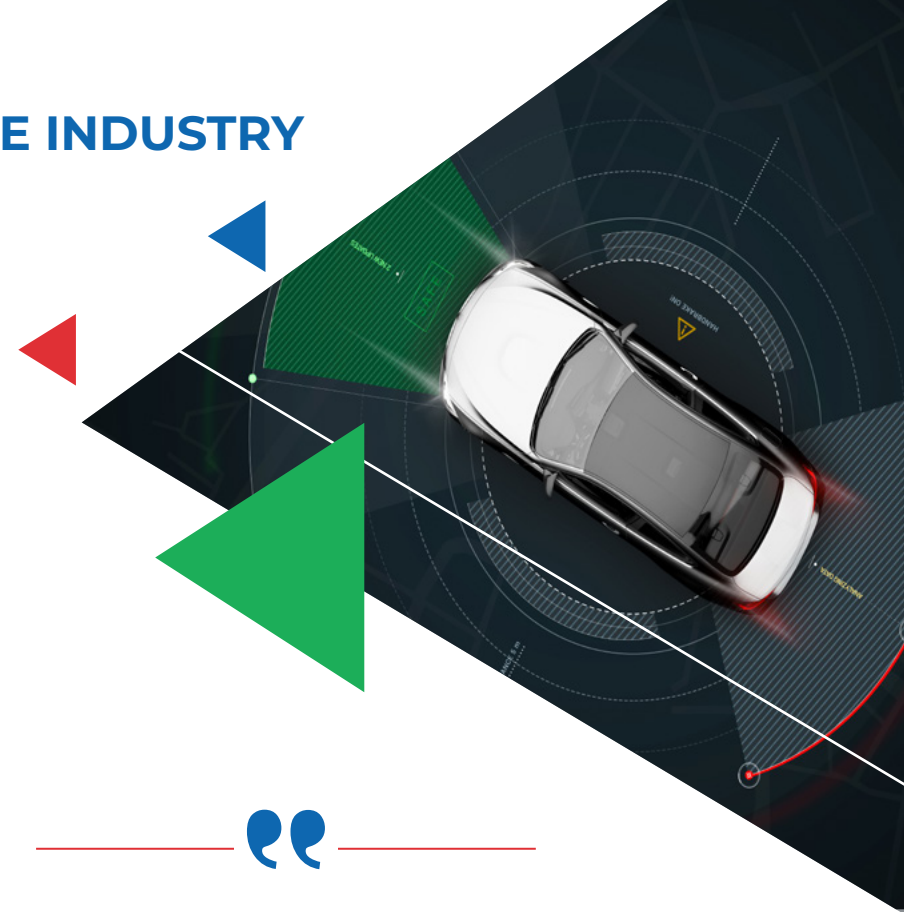


The evolutions in user experience, architecture and implementation create a new set of challenges for automotive companies. These include increased bandwidth demand, significant EMI/EMC interference risks and increased manufacturing complexity. Due to the magnitude of the automotive industry, safety recalls are a major concern. Using a reliable connectivity technology that will be able to cope with EMI/EMC challenges and cable aging will reduce the risk of costly safety-related recalls.

Valens Semiconductor is redefining the realm of possibility within automotive connectivity by providing a unique and comprehensive set of high-speed connectivity solutions for today and tomorrow's cars.

Valens Semiconductor technology is a key enabler of ADAS and autonomous vehicles, which are expected to transform the automotive industry and increase sustainability. We believe our technology is future proof, with its optimal in-vehicle architecture and enables faster adoption of software-defined vehicles with its centralized processing, high bandwidth, and error free link<sup>6</sup> with practically zero latency, which are essential for safety applications.

<sup>6</sup> Error free rate of <math>10^{-19}</math>, per the MIPI Alliance A-PHY standard



*“One of Daimler’s strategic focuses is to be a technological leader in ‘green’ technologies, safety, autonomous driving and connectivity. Valens Automotive is a perfect fit as its architectural benefits, reliability and robustness lead to a superior driving experience for our customers.”*

**Daimler (Mercedes-Benz)**

Architect of Telematics Development



### Partnering with Mercedes-Benz to solve connectivity challenges for in-vehicle infotainment system

Our VA6000 chipset, first deployed in 2020 in Mercedes-Benz cars, is currently the only multi-gigabit data connectivity solution in vehicles, using a low cost, standard, lightweight, and easy to install Unshielded Twisted Pair (UTP) wiring.

Recognizing Valens Semiconductor's ability to meet current and future needs with the highest caliber of innovation, Mercedes-Benz chose our chipsets to power the connectivity within its new Mercedes-Benz models.

Our technology supports the aggregation of multiple interfaces enabling feature-rich infotainment and telematics systems in Mercedes-Benz vehicles.

Our companies continue to collaborate and look for ways Valens Semiconductor can enable Mercedes-Benz's advancing connectivity needs.

### Partnering with Stoneridge to solve connectivity challenges in tractor trailers and improve operating efficiency

We partner with industry leaders to introduce to the market cutting-edge technology addressing pain points in the most efficient manner.

In 2020 we partnered with Stoneridge, a leading truck technology manufacturer, to solve a safety-related tractor trailer connectivity challenge. Together, we address critical safety issues, while reducing fleet operations costs.

The joint solution of Stoneridge's rear-view cameras and Valens Semiconductor's chipset eliminates blind spots for truck drivers and therefore reduces critical safety hazards.

The trucking industry invests in upgrading and retrofitting trucks throughout an approximate 10-year lifecycle. Given the long lifecycle of trucks, our joint solution, which also targets the trucking aftermarket, is designed to improve safety for millions of drivers and pedestrians.



*"This connectivity solution by Valens Semiconductor opens the door for the development of new technologies and product capabilities beyond our current portfolio that will continue to transform the commercial vehicle safety environment and reduce operating costs for the fleets."*

**Jon DeGaynor**  
CEO of Stoneridge

# DRIVING ENHANCED SAFETY WITH OUR AUTOMOTIVE SOLUTIONS

## Raising the bar on electromagnetic compatibility, noise immunity

Cars can be harsh environments for electrical systems. The high density and voltage of electrical units cause EMI which distorts data and makes effective communication challenging. EMI/EMC occurs when external radiating elements, such as cellphones, electrical motors, radios, stop lights, other vehicles, and various electronic systems, cause delays or errors in data transmission.

Valens Semiconductor's solutions have the highest EMI/EMC integrity, with error-free links<sup>7</sup> no matter the circumstances, and without sacrificing bandwidth, cable length or restricting vehicle architecture.

Valens Semiconductor stands out with its adaptive, hardware-based Digital Signal Processing (DSP) solution. This unique offering provides retransmission for coping with EMI/EMC in real-time.

The accuracy of inter-vehicle communication is of utmost importance because even split-second errors can be life-threatening when on the road.

## 'Data centers on wheels' require better and smarter connectivity

ADAS and autonomous vehicles will require the redundancy provided by deploying multiple high-resolution sensors such as radars, LiDARs, and cameras, which is driving increased synchronization of multiple sensor streams to ensure greater safety.

Prerequisites for sensor data fusion include a reliable high-bandwidth connectivity solution and a centralized compute unit to aggregate the raw data for real-time perception and decision making, no matter the weather and lighting conditions.



<sup>7</sup> See footnote 6





# ENVIRONMENTAL BUSINESS STEWARDSHIP



# ENVIRONMENTAL BUSINESS STEWARDSHIP



**At Valens Semiconductor, we work on introducing future proof solutions with the technology we develop today. We help unlock sustainability opportunities across the audio-video and automotive sectors by:**

- Increasing connectivity resiliency
- Contributing to the simplification and weight reduction of wiring infrastructure
- Improving cable efficiency and system interoperability
- Providing safer, error-free solutions, and
- Contributing to a greener environment

We work across the value chain to implement our sustainable design principles, improve environmental performance, and raise sustainability awareness.

## DESIGN FOR SUSTAINABILITY

Environmental considerations are an integral element of our design processes. Developing our technology, we focus on interoperability, energy, and resource reduction, to converge utility and industry-wide optimization through the development and introduction of new disruptive standards. Through these core practices, we contribute to a greener environment.

### Applying our design values to audio-video products

As a market leader with unmatched technology for the distribution of wired ultra-high-resolution video, we view sustainable design as an important element. By constantly raising the bar and improving the quality of distribution of audio-video content, we support hybrid work and learning environments, which can help reduce GHG emissions and air pollution by decreasing commuting and business travel.

### Sustainability is a primary feature within our audio-video product lines:

#### Work on existing wiring

Our chipset technology is designed to be implemented on top of existing audio-video wiring infrastructure. By extending and improving existing products and simplifying

installation cost and time, we minimize waste going to landfills which allows for the reduction of electricity and materials used for installation.

### Interoperability and standardization

Valens Semiconductor is committed to democratizing our technology by making it available through the HDBaseT industry standards.

We enable seamless operations between various brands, giving users the freedom of choice and the potential to make more sustainable consumption decisions. When systems need updating, specific components can be updated without replacing the entire system which helps to alleviate cost and electronic waste. The HDBaseT standard has been adopted throughout the industry, by more than 200 leading companies such as Crestron, Extron, Logitech, NEC, Panasonic, Siemens, Sony, LG Electronics and Samsung.

### Energy reduction

Power optimization is a primary consideration within our design process. Our chipsets allow us to replace multiple lower-bandwidth connections with a single, faster, energy-efficient one which reduces the final products' power consumption. Additionally, our chipsets support low power modes that allow circuits to be off when there is no active traffic.

## Applying our Design Values to Automotive Products

As the amount of data generated by the various sensors within cars rises exponentially, and the car is becoming a 'data center on wheels', automotive manufacturers and architects are challenged by the additional cable connections needed.

Valens Semiconductor's connectivity products tackle the growing challenge of cable weight, lack of physical space in the car to add additional cables, and installation complexity, which requires extensive manual labor.

**Our focus on connectivity alleviates a central automotive industry challenge and improves the sustainability potential of cars in a variety of ways:**

### Reducing consumption of materials

By converging the various types of connectivity cables into one multi-functional cable, car manufacturers can reduce the number of materials needed and their associated environmental footprint. This will also help car architects deal with the physical space barrier.

### Reducing weight

Decreasing the weight of vehicles contributes to increased fuel efficiency which can decrease GHG emissions with each mile driven.

## Increasing EMI/EMC resiliency - supporting vehicle transformation

- Our technology provides a robust solution to the issue of EMI/EMC, which is a challenge for the car industry. The electric 'noise' within a car can interfere with the effectiveness of connectivity cables. Our technology is uniquely resilient to external interference and reduces the electromagnetic noise.
- Connectivity solutions with strong immunity against EMI/EMC are fundamental to ADAS and autonomous safety solutions that rely on error-free<sup>8</sup> connectivity. By enabling features such as emergency braking, blind spot warning, rear collision warnings and more, our technology makes vehicles safer, prevents accidents and protects lives. Learn more about how our solutions enable safer vehicles in our [Products and Sustainability chapter.](#)

### Reducing the risk of recalls

Valens Semiconductor offers a solution that utilizes simple cables as opposed to heavy weight shielded cables. This eliminates the degradation of the cables over the course of the vehicle's life, thus reducing the risk for costly safety-related recalls.

**Our products are an important part of an ecosystem of solutions that enable environmentally conscious products.**



## Package Reduction Initiative

**Demand for Valens Semiconductor's products has been growing rapidly, which also means an increase in the product delivery packaging. We have developed new packages with a reduced number of overall number of cartons.**

**As we grow, we are committed to exploring ways to reduce our per-product environmental footprint through these types of initiatives.**



<sup>8</sup> Error free rate of <10-19, per the MIPI Alliance A-PHY standard

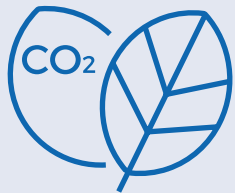
# ENVIRONMENTAL IMPACT THROUGH THE VALUE CHAIN

As a fabless semiconductor company, Valens Semiconductor has taken on the responsibility to minimize its products' environmental impact by collaborating with partners throughout our value chain.

We are proud to work with suppliers who strive to operate in an environmentally sustainable manner.

Taiwan Semiconductor Manufacturing Company ([TSMC](#)), and ASE Technology Holding Co ([ASEH](#)), the primary manufacturers in our supply chain, are communicating that they are striving to take significant steps to manage their own environmental footprint across key focus areas including energy and water usage, responsible procurement, and waste. Based on their public disclosures, they have made commitments to manage energy consumption and increase their efficiency by using renewable energy as well as through the implementation of low-carbon manufacturing practices. Additionally, they operate large-scale recycling facilities to reduce water stress.

We follow the European Chemicals Agency's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS) compliance certification programs to ensure the safety standards for chemical use are [practiced in our company](#).



**In 2020, we set a target to achieve carbon neutrality across our product portfolio by 2039.**

**Valens Semiconductor is part of an ecosystem that is working, through collaboration and innovation, to combat the impact of climate change.**

This is in line with the plans of, for example, the Mercedes-Benz Group. We are the suppliers of high-speed connectivity chipsets that have been integrated into Mercedes-Benz cars since September 2020. We encourage our suppliers to join the campaign of our automotive OEM partner. We are pleased to report that 100% of our primary suppliers have shared with us their next steps toward achieving carbon neutrality.



# OUR ENVIRONMENTAL MANAGEMENT APPROACH

To best support our commitment to creating a sustainable future, we urge our management and employees to be fully engaged in a culture of continuous improvement and constructive partnerships with suppliers, customers and other stakeholders.

This commitment is integrated into the company vision through our Quality and Environmental Policy and our Responsible Business Alliance (RBA) Code of Conduct.

The Code outlines our environmental standards regarding environmental permits and reporting, pollution prevention, resource reduction, hazardous substances, solid waste, air emissions, material restrictions, water management and energy consumption.

For over a decade, we have annually renewed our [International Organization for Standardization](#) (ISO) 14001 certification, helping us to confirm the efficacy of our management approach through external review. ISO14001 is the leading environmental management certification, setting high standards for measuring improvements related to operational impact and complying with applicable laws and regulations.

## Mapping our Environmental Impacts

To evaluate and better manage our direct environmental footprint, in 2020 we mapped the potential environmental impact areas of our headquarters in Israel, where most of our employees are based. We recorded known potential environmental impacts and evaluated each item's significance level, intervention feasibility, risk, and potential opportunity.

With this mapping tool we determined our objectives for the following year and identified which individuals are responsible for oversight of relevant items.

We created an annual Environmental Work Plan that is managed by the quality team. In the plan we outline annual objectives in the areas of employee awareness, internal audit related to environmental indicators, gap assessment, Corrective and Preventive Action (CAPA), and other topics. Since its development and implementation, the environmental mapping tool has been reviewed on a quarterly basis to ensure improvement and consistency. It is presented to the company's management on an annual basis.

## Valens Semiconductor evaluated its direct environmental impact areas



### Headquarters

Mapped potential impact



Recorded potential environmental impacts



Identified significant levels and risks



Evaluated potential opportunity



Determined objectives





**Created an annual Environmental Work Plan**




# OFFICE OPERATIONS

## From 2020 to 2021


 **26%**  
less water consumption

 **6%**  
less fuel consumption from employees leased cars

 **11%**  
lower electricity consumption per employee

## Goals for 2022

 **90%**  
or more recycling of paper we dispose of

 **5%**  
less electricity consumption in office per employee (from 2021)

As a fabless semiconductor company, our most direct avenues of impact are reducing resource consumption within our office operations and engaging in dialogue about environmental risks and opportunities with our manufacturing vendors, business partners and other relevant stakeholders.

We actively work to lessen the amount of energy and water we use and the amount of greenhouse gas (GHG) emissions and waste we create.

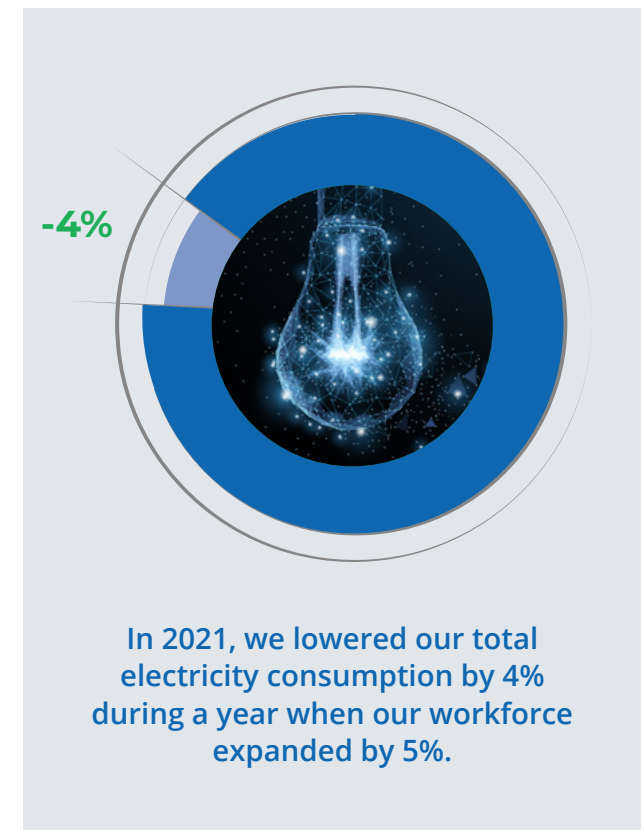
We monitor our energy usage closely and have set a KPI to reduce our annual electricity consumption by 5% per employee in 2022, and intend to continue to monitor on an ongoing basis.

### Energy Consumption

In 2021, we lowered our total electricity consumption by 4% during a year when our workforce expanded by 5%.

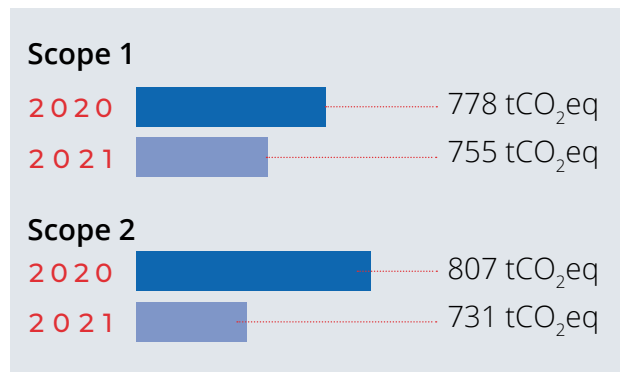
Our total electricity consumption was 1.55 million kWh, down from 1.62 kWh in 2020. Per employee, we achieved a reduction in electricity consumption of 11% from 2020 to 2021. As of 2021, our office is equipped with 100% high-efficiency light bulbs to further reduce our electricity demand.

Since the outbreak of COVID-19, we maintain ongoing flexible work-from-home policies. Fuel consumption reduced by 6% in 2021 as compared to 2020, with a total of 97,841 liters of gas used in our leased car fleet in 2021. In 2021, we added the option to lease hybrid cars in our fleet.



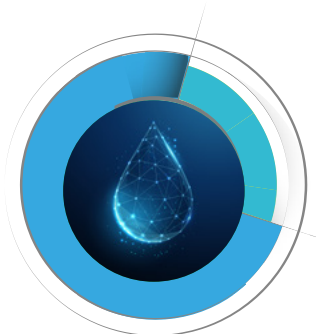
## GHG Emissions

In 2020 our scope 1 emissions were 778 tCO<sub>2</sub>eq and our scope 2 emissions were 807 tCO<sub>2</sub>eq. **Our emissions were reduced across both scopes in 2021** down to 755 tCO<sub>2</sub>eq Scope 1 and 731 tCO<sub>2</sub>eq Scope 2.

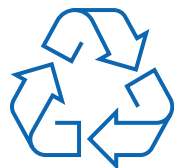


## Water Stewardship

Our water footprint consists of water used in our office operations. We closely monitor our water use and strive to conserve our water footprint, where possible. In 2021, we used 2,244 m<sup>3</sup> of water, a reduction of 26% from 3,044 m<sup>3</sup> consumed in 2020.



## Managing our Waste



We have recycling bins for paper throughout our office and have set **a goal to recycle at least 90% of the paper we dispose of**. To achieve this target, we host awareness campaigns among our employees, through multiple channels, to make sure the sorted waste in our offices is disposed correctly. In 2021, we successfully recycled more than 85% of our paper, amounting to 242 kilograms (533 pounds) in total.

Valens Semiconductor's annual electronic waste collection program considers company and employee waste alike. We strive to increase access to proper disposal methods for personal electronic waste and company waste, including lightbulbs being collected by an authorized recycling service provider. The recycling provider has a policy to follow strict legal requirements for waste disposal, using environmentally responsible and safe practices. Our electronic recycling provider's environmental management practices are ISO9001 (Quality Management) and ISO14001 (Environmental Management) certified. In 2021, we responsibly recycled 166 kgs of electronic waste.

We monitor the use of any hazardous materials in our in-office lab space. As part of our 2020 Environmental Work Plan, we enhanced our lab procedure rules to stipulate that Environmental Health and Safety (EHS) approval is required before new chemical materials can be purchased.

While hazardous waste throughout our office and testing lab is minimal, less than a gallon per year, we have a licensed contractor who collects and properly disposes of chemical waste bi-annually. We limit the amount of hazardous material used in the office to necessity for hygienic and safety purposes.

## Sustainability Awareness with our Employees

At Valens Semiconductor we promote awareness of energy and environmental impact. We strive to engage all our employees in sustainability-related themes.



We raised awareness of environmental challenges through informative campaigns on World Environment Day and the Jewish Holiday of Tu Bishvat, "The New Year of Trees", which is equivalent to Arbor Day.

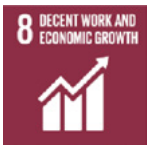
We also distribute regular educational videos from the Quality and Environment Department.



# PEOPLE AND SOCIETY



# WORK ENVIRONMENT



As a premier provider of high-speed connectivity, pushing the boundaries and excelling are at the heart of everything we do. We focus on creating a meaningful, healthy, and enriching work environment that promotes opportunities for our employees to grow and develop.

Valens Semiconductor offers employees a stimulating work environment. This helps us attract talented engineers, developers and creative thinkers, and we are committed to bringing in and supporting a diverse group of employees. Even during the post-pandemic period, our retention rates and average tenure grew.

At the end of 2021, we employed a total of 263 full-time employees as compared to 249 at the end of 2020. The majority of our employees are based in Israel.

In 2021, the average tenure was 4.7 years. Our voluntary retention rate was 93.0%, which is well-above the average for Israel's semiconductor industry wide rate of 89.5%<sup>9</sup>.

Our fundamentals, which are built on excellence, a quality culture, trust, respect, and support, drive our narrative of empowering our employees in their work and encouraging their wellbeing. They also support our ongoing contribution to our local community to promote education and innovation opportunities.

## Full time employees



## Women in executive management



## Employees under 35 in junior management positions



## Average tenure



<sup>9</sup> Based on [Zviran Compensation & Benefits Solutions](#) PayData service. Rate was calculated based on average number of employees per year.



# EQUITY, DIVERSITY AND INCLUSION

Our employee age range was well-balanced in 2021.

- 23% were under 35
- 53% were between 35 and 50
- 24% were over 50 in 2021
- Demonstrated a 6% growth of employees under 35 from 2020
- 13% of the junior management positions were held by employees under 35, up from 8% in 2020

As a company committed to excellence, the principles of diversity and creativity serve as the foundation of our innovation.

We are committed to the principles of diversity, inclusion and equal rights. Making sure everyone feels comfortable and accepted in our workplace is our priority and we strive to create a welcoming culture from day one.

*Our policies are designed to ensure employees are treated fairly and with respect and dignity. In 2020 and 2021, there were no formal complaints about discrimination or harassment in the workplace.*

## Diversity Performance

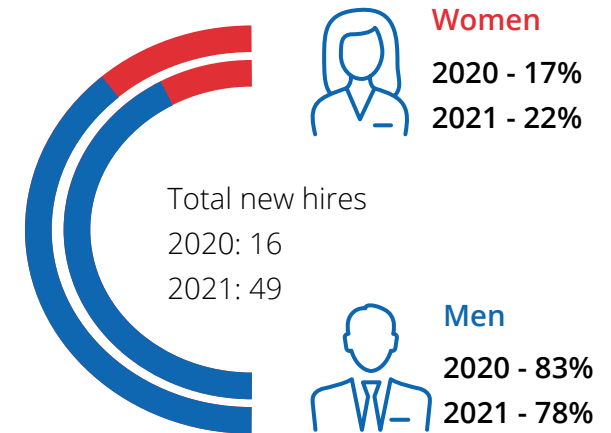
Gender, ethnic and cultural diversity are key indicators of an inclusive and progressive working environment. While the semiconductor industry overall is a male-majority industry, we seek to promote gender inclusivity within our company wherever possible.

Recognizing the low participation of women in the Science, Technology, Engineering and Math (STEM) fields, Valens Semiconductor encourages women in a variety of ways.

As part of the 'Valens Lady Forum,' which connects and fosters women within the company, we hosted a female empowering training session with local NGO [Move Up](#), which provides consultancy and educational services focused on promoting women and gender equality, while tailoring this objective to business goals. In another initiative, we promote and increase opportunities for women and minorities by working with the diversity-promoting non-profit and NGOs [ItWorks](#) and [Tsofen](#). These NGOs work to narrow employment gaps in disenfranchised social sectors by collaborating with technology corporations to promote diverse hiring practices.



## New hires by gender





*“Valens Semiconductor sets the bar and sets new standards in every market in which it operates – this is true and important also in matters of values such as hiring. As a global company with roots in Israel, we chose to expand the employment opportunities of domestic based engineers in the North rather than go in the direction of outsourcing R&D centers to other developing regions of the world.”*

**Gideon Ben Zvi**  
Valens Semiconductor CEO

### Parental Leave

We offer all our employees paid parental leave in line with the respective local law. One employee took maternity in 2020 and two took leave in 2021. Post their paternal leave, they chose to return to the office.

### Providing Business Opportunity in Peripheral Communities

Valens Semiconductor launched a satellite branch focused on research and development (R&D) in Northern Israel, an economically under-served region in the country.

This impactful decision reflects the company's value of pushing the boundaries in all areas of its business, including equity hiring and diversity practices. Valens Semiconductor is offering meaningful career opportunities so residents do not have to commute long distances or work outside their career field.

To ensure the Northern Israel center meets local needs and promotes equitable opportunities, Valens Semiconductor has been in continuous dialogue with the surrounding community. We strive to attract and recruit diverse employees from the region by establishing ongoing communication with community leaders and mayors, that is inclusive of all ethnicities including Arab, Druze and Jewish.

Valens Semiconductor has also established a partnership with the [Kinneret Academic College](#).



Outstanding graduates in the engineering college will be able to receive training and employment opportunity after graduation.



## EMPLOYEE HEALTH AND SAFETY

Valens Semiconductor takes employee health and safety with the utmost seriousness.

Our Emergency Preparedness and Response Policy is designed to prepare us for unexpected events in an orderly manner. It outlines team-member responsibilities, includes external advisors to educate on fire safety and conduct evacuation drills for the whole building. It also requires regular checks for potential emergency incidents and contains provisions for first aid equipment.

As part of our increased emergency preparedness, we provided our employees with video training on operating lifesaving defibrillators, installed in our offices in Israel.

We offer our employees in Israel a premium private health insurance policy, including preferred pricing for immediate family members. This provides employees expanded health coverage options, increased flexibility for medical matters, and improved services outside those provided by state-run insurance.

## ATTRACTING AND RETAINING THE BEST TALENT

At Valens Semiconductor, we know that when developing cutting edge technology, you need highly skilled, motivated, and creative people.

The development of meaningful and technically rigorous semiconductor solutions attracts highly curious and driven people to Valens. Equally important, we attract and invest in our team by creating a welcoming environment that encourages consistent learning and versatility, through training programs, career development and internal mobility opportunities.

Recognizing the importance of fair employment terms, we work closely with an industry expert on attracting and retaining practices. This ensures our investment in employees is equitable and aligned with labor market trends.

### Training and Talent Development

- 12% internal mobility and promotion rate in 2021
- Annual personalized employee learning plans and key performance indicators (KPIs) built into performance review process

Valens Semiconductor management team believes in continuous and dynamic growth and development for employees. Our approach recognizes that lifelong learning and attaining



*"We have established a company that is large enough to make an impact and small enough so each employee can feel they make a difference. We make sure everyone feels influential at Valens Semiconductor."*

**Gideon Ben Zvi**  
Valens Semiconductor CEO

new skillsets are crucial to our continued growth and ongoing success. As part of the education processes, we also encourage a learning environment with teams composed of both experienced and junior employees. We believe this approach nurtures all, which contributes to a mix of experience and creativity.

Lastly, an essential element in our employee value proposition is that we empower our employees to have a well-rounded professional development journey. At Valens Semiconductor people are exposed to, and benefit from, various industry and technology-related innovative approaches. This approach develops versatile and adaptive thinking. Moreover, to allow our people to grow to their full potential, the company enables internal mobility and promotion. In 2021, internal mobility including internal promotions, was 12%.

### Career Development and Assessment

In line with the company's Development and Assessment Plan, our managers establish career and development plans in concert with each employee. A performance review takes place twice a year and its main parameters are based on personal goals and KPIs. We also encourage all employees to provide formal

feedback to their managers as part of the performance review. We believe bidirectional feedback is a necessary approach that enables employees to flourish and grow.

Valens Semiconductor strives to provide the best experience for new employees. In 2021, our HR team further improved our process for welcoming the newcomers and getting them accustomed to the new workplace. For example, we expanded our technological HR tools, and deployed a user-friendly, customizable HR system which provides easy communication, professional training, and personal development from recruitment, to onboarding throughout the employees' tenure.

### Training Program

We believe in deploying a tailor-made approach to ensure all employees obtain the most valuable and relevant learning opportunities. We budget for employee technical and soft skill development initiatives to support professional growth, and managers support their team members in pursuing relevant training opportunities.



### Technical skills

#### Examples of the professional skills that are obtained by Valens' team members include:

C++ training, Python course, A-spice trainings, Failure and Root Cause investigation, Excel training, Problem Solving 8D training, Electrostatic Discharge (ESD) - Functional Safety ISO26262 and more.



### Soft skills

#### Soft skills that our employees pursued

Management courses, personal coaching for senior management, presentation workshops, effective communication skills, international culture skills and more. These skills help create well-rounded development and personal growth.



# EMPLOYEE WELLBEING

As a people-centered organization, Valens Semiconductor strives to ensure work-life balance and a positive work experience for its employees. We offer a range of professional opportunities, complemented by social, physical, and mental wellbeing.

## ▶ Corporate events

80% participation rate, including many activities on weekends and after work hours

## ▶ Events for employees

Hosted 25 events in 2021, ranging from family trips to holiday celebrations to lectures and movie nights

## ▶ Weekly sports activities

Hosted under our 'Valens Body and Soul'



## COVID-19

When the pandemic broke in 2020, we developed a plan that included guidelines on effective work-from-home routines. The guidelines helped our employees adapt to the new working model as well as health and safety conditions. Our current work from home policy allows employees to work in a hybrid model. For those coming to the office we offer free COVID-19 tests to help maintain a safe work environment for all.



## Valens Body and Soul Program

We launched the Valens Body and Soul Program which includes a variety of activities, events, and workshops. We offer fully funded on-campus sports activities such as yoga, Pilates, pump, and off-premises activities like basketball, soccer, bicycle riding and running groups, which employees can join throughout the work week.



## Office life experience

Recognizing the importance of office life experience, we offer our employees access to ergonomic furniture such as standing desks as well as special chairs and keyboards. This furniture helps our employees reduce physical stress and improves efficiency. Furthermore, to help our employees maintain their health during flu season we offer accessible vaccinations at our offices free of charge.



## Nutrition

We also offer our employees nutrition courses to help them adopt healthier eating habits and provide healthy food options in our cafeteria in support of employee nutrition.



## Social events

Determined to strengthen cultural experience and ties between our employees, Valens Semiconductor recognizes the significance of recreational and social events. In 2021, we celebrated holidays with company gatherings, added virtual and in-person lectures, a movie club, and family trips for our employees. These efforts are appreciated by our employees and the positive reviews speak for themselves.



## Lending library

As part of our efforts to make our office pleasant and comfortable, we initiated a lending library that is available to all employees based in Israel. The library comes from books brought in by employees, allowing for the sharing and recycling of books for adults and children. The open bookshelves are in an accessible area next to the office lounge.



*"Thanks to the football team I made new friends, we are really a crew. We drink beer together after the workout, meet regularly and have fun."*

**O.H. Engineer R&D Dept.**



*"I admire the fact that the recreational program of Valens is designed to include as many people as possible, it is amazing! For example, you can participate in the family events even if you are single and don't have kids, like myself. My nephews are always happy to join the family trips and go to the movie club organized by the company".*

**M.H. Team Leader R&D Dept.**



*"The holiday celebrations are very well thought out. The program is carefully planned by our HR team and enjoyed by the kids and adults. My children, especially the youngest one, are excited for each family-friendly gathering, especially the summer events!"*

**D.S. Director in the Automotive Business Unit**





# COMMUNITY ENGAGEMENT AND SOCIAL IMPACT

Valens Semiconductor emphasizes the importance of being an active part of both global and local communities.

Post COVID-19, the company reinstated a community development program, which includes volunteering and sponsorship, that are evaluated by managers and employees before being selected.

Our focus is to highlight our value of innovation by creating opportunities for student and start-up ingenuity across fields from engineering to art.

## Sponsoring Student Innovation

As an innovative technology company, Valens Semiconductor recognizes the importance of making the Science, Technology, Engineering and Math (STEM) sphere accessible to students. Since 2021, Valens became an official sponsor of the [Sail-IL](#) team.

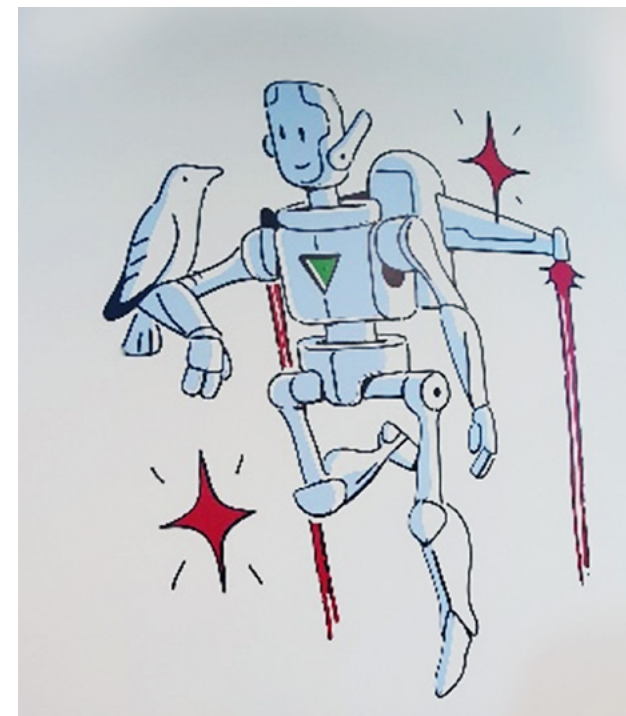
The Sail-IL team is comprised of 25 Tel-Aviv University engineering students from different backgrounds who work together to design and build an autonomous surface vessel to compete in the international autonomous boat challenge, [Roboboat](#). Teams have one year to design, build and deploy a fully Autonomous Surface Vehicle (ASV) that can navigate an obstacle course that will test the boats to their limits during the main event in Sarasota, Florida.



We also hosted the team of Sail-IL engineers at our headquarters to discuss our expertise in automotive. We discussed safety-assistance systems and autonomous vehicles. We are continuing to sponsor the team for the 2022 competition.

## Collaboration with the Bezalel Academy of Arts and Design

At Valens Semiconductor, we believe that in order to deliver an innovative and productive work experience, we must invest not only in the minds of our employees but in their overall experience including their surroundings. Our belief that technology and art nurture each other led us to an exciting collaboration with the Jerusalem-based [Bezalel Academy of Arts and Design \(Bezalel\)](#).



We initiated a “The Art of Technology” project, which focused on submitting artistic connectivity-related look-and-feel concepts.

We created a competition for which illustration and design students submitted their ideas for our office design in line with this theme. We selected the art projects of two Bezalel students, to whom we also granted scholarships.

The students had the opportunity to see their design project come to life and experience practical collaboration.

The technology-themed illustrations add a new dimension to our office environment, supporting creative thinking and our ambition to continuously push the boundaries of connectivity.

### Volunteering with Middle School Students



Prior to the outbreak of COVID-19, we collaborated with the NGO [A Different Lesson – Shiur Acher](#)

to host extra-curricular classes for a local middle school in Rosh HaAyin, Israel.

A Different Lesson – Shiur Acher inspires children through an enriching and meaningful encounter with a role model. They encourage social involvement and leverage the knowledge and experience of volunteers.

Our employees taught classes on various topics, and at the end of the program, we hosted the children at our offices. The children had the opportunity to see a professional technology company in action and met our CEO.

### Supporting the Start-up Community

At Valens Semiconductor, we believe supporting start-ups expedites innovation and creativity, thereby driving the growth of the local economy. One way we are proud to support start-ups is through our initiation of a start-up channel within the [HDBaseT Alliance](#). By creating a membership channel that is accessible to start-

ups, new businesses can gain an advantage in establishing themselves within the audio-video industry.

### Night Run for Kids Fighting Cancer

Over the past six years Valens Semiconductor's employees have been participating in the Tel Aviv 10k Night Run [Sunrise Israel's](#) fundraiser. The run is an event for increasing awareness and raising money for the important initiatives offered by the organization, such as day camps and hospital programs which bring joy to thousands of kids fighting cancer. As a repeat participant, we were proud to receive the title of Gold Runners.







# RESPONSIBLE GOVERNANCE



# RESPONSIBLE GOVERNANCE



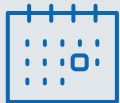
▶ **New York Stock Exchange**  
Trading since September 30, 2021



▶ **Nominating, Governance & Sustainability Committee**  
Established in 2021



▶ **Board of Directors**  
Seven out of nine of the Directors are independent



▶ **Attendance rate in 2021**  
99.3% out of 16 Board of Directors meetings

Valens Semiconductor's mission is to establish cutting-edge products that power resilient, ultra-high-speed wired connectivity over simple low-cost infrastructure for the automotive and audio-video markets. Our corporate governance infrastructure reinforces this mission.

**We believe responsible and transparent corporate governance addressing our stakeholders' interests is key to the company's approach to sustainability.**

Acknowledging that ESG risks and opportunities are strategically important to the company's growth, the Board of Directors established, in 2021, a dedicated 'Nominating, Governance and Sustainability Committee', to direct and guide sustainable cross-company strategies.

This committee is intended to aid in strengthening our ESG management practices by providing strategic oversight and integrating material ESG factors into our governance approach.

In September 2021, Valens Semiconductor joined the ranks of today's most innovative and leading companies on the New York Stock Exchange. Our strong governance foundation empowered our smooth transition into the domain of publicly traded companies. For more information on our corporate governance practices see our [Governance Documents](#).



## INTRODUCING OUR BOARD OF DIRECTORS

Our Board of Directors members bring in-depth knowledge and expertise cultivated from decades of professional experience in sustainable markets including automotive and electric vehicles, the high-tech industry, and finance. Our Board of Directors has nine members, seven of whom are independent Directors (based on NYSE standards<sup>10</sup> and applicable SEC rules) and eight of whom are non-executive. To learn more about our valued Board members see [Board of Directors](#).

As of the end of 2021, the average age of our Board members was 58, with Directors' age ranging between 47 and 64 years old. At Valens Semiconductor, there is no formal age limit for Board members.

In addition to a broad array of expertise, the Board also offers a global perspective with directors spanning multiple regions. There is currently one woman on the Board, up from zero in 2020. Our objective is to encourage strong female leadership when the opportunity arises. The average duration of sitting Board members as of 2021 was 4.7 years.

To leverage the board members' accumulated expertise, our policy enables a non-limited term; however, our articles of association divide our directors into three classes, each of which is elected or can be re-elected every three years. Our policy does not impose a mandatory

retirement age. This is in line with our goal to benefit from the contributions of directors who have developed experience with, and insight into, the company and are capable and valuable members of the Board.

In 2021, the Board of Directors held 16 full Board meetings (in-person and via videoconference) throughout the year. All meetings had full attendance, except for one meeting that was short a single member, resulting in a remarkable 99.3% attendance rate.

<sup>10</sup> [Directors Independence Policy of New York Stock Exchange](#)



Committees of the Board of Directors	Audit Committee	Compensation Committee	Nominating, Governance and Sustainability Committee
Committee Chair	Ms. Adi Yarel Toledano	Dr. Peter Mertens	Mr. Moshe Lichtman
Number of Members	3	3	3
Percentage of Independent Directors	100%	100%	100%
Number of Committee Meetings held in 2021	7	4	1
Meeting Attendance Percentage in 2021	100%	100%	100%

## Committees of the Board

Our Board consists of three committees: the Audit Committee, the Compensation Committee and the Nominating, Governance and Sustainability Committee. In 2021, the Board held 12 committee meetings, all with a 100% attendance rate.

### The Audit Committee

This committee contributes to the Board by overseeing the integrity of the company's financial statements, its compliance with legal and regulatory requirements, and its independent auditor's qualifications and

independence. Furthermore, it is responsible for approving certain acts and transactions under the Israeli Companies Law 5759-1999 (the "Companies Law"), as outlined in the [Audit Committee charter](#).

### The Compensation Committee

The committee is responsible for overseeing discharge of responsibilities relating to the company's Board members, Chief Executive Officer and other "office holders" (as defined under the Companies Law) compensation, as well as the administration of the company's equity incentive plans, as outlined in the [Compensation Committee Charter](#).

## The Nominating, Governance and Sustainability Committee

Responsible for identifying and recommending qualified Board of Director candidates, recommending director nominees and appointments to Board committees. It ensures the nominees bring the requisite expertise including sufficiently diverse and independent backgrounds. The Nominating, Governance and Sustainability Committee is accountable for reviewing the structure and membership of the board and its committees on an annual basis. Finally, as it relates to ESG - it is in charge of the company's [Corporate Governance Guidelines](#), overseeing the company's policies, programs and related strategies.

### Board Member Selection Process

Our Board member selection process is outlined in the Corporate Governance Guidelines. It is performed by the Nominating, Governance and Sustainability Committee, based on criteria listed in the [Nominating, Governance and Sustainability Charter](#).

The Board of Directors nominees are required to have the highest personal integrity and ethics. They are also required to possess relevant expertise and demonstrate excellence in their respective field(s).

Additional considerations include a combination of various and independent backgrounds, diversity, and any gender requirements as per Israeli law. They are also obligated to identify



individuals committed to rigorously represent the long-term interests of the company's shareholders.

The Nominating, Governance and Sustainability Committee's role is to select potential members and present them to the full Board of Directors for a comprehensive official discussion regarding the suitability of the nominee for the Board of Directors and its committees.

Prior to every General Meeting of the company where directors are to be elected, the Board of Directors selects, by a resolution adopted by a majority, a number of proposed director candidates to shareholders for election. The nominees are elected by a resolution adopted at the General Meeting at which they are subject to election.

### **Director Orientation and Continuing Education**

All new members of the Board are required to participate in the company's orientation program for directors. As part of the program, senior executives educate them and provide an overview of the industries in which the company operates, its strategy, performance and financials.

The General Counsel introduces the regulatory and legal environment that affects the company's business, and directors' fiduciary duties.

### **Annual Performance Evaluation**

The Nominating, Governance and Sustainability Committee, conducts an annual assessment to oversee the annual evaluations of the Board.



# OPERATING WITH ETHICS AND INTEGRITY

Operating with the utmost ethical standards is key to ensuring our company's success. Conducting our business with integrity sustains our constructive relationship with stakeholders and further advances the overall efficacy of our teams.

The following procedures and policies govern our commitment to ethical performance and compliance.

## Code of Business Conduct and Ethics

One of our Company's most valuable assets is our reputation for integrity, professionalism, and fairness. To protect these assets, our Code of Business Conduct and Ethics was adopted and is reviewed annually by the Board.

It sets forth key guiding principles that represent company policies and guides us in our daily actions. Our commitment to the highest level of ethical conduct is reflected across the company's business activities including, but not limited to, relationships with employees, customers, suppliers, competitors, the government, the public and our shareholders.

The Code covers multiple standards guiding our actions, such as Conflicts of Interest, Quality of Public Disclosures, Compliance with Laws, Rules and Regulations, Reporting Violations to a Governmental Agency, Trading on Inside Information, Protection of Confidential Proprietary Information, Fair

Dealing, Equal Opportunity, Non-discrimination and Fair Employment, Political Contributions and Activities, Environment, Health and Safety, and social media.

We communicate our Code of Conduct and Ethics to our employees through our internal online communication platform and shared with new hires upon joining the company. We also conduct trainings on the standards covered by it. In 2021, 100% of our employees received training on our Code of Business Conduct and Ethics. Affirming the effectiveness of our proactive ethical management approach, during 2021 there were zero incidents or legal cases relating to corruption, anti-competitive behavior, or non-compliance issues.

There were also zero cases of non-compliance with social and economic laws and regulations. Lastly, there were zero cases relating to harassment or discrimination.

## Whistleblower Procedure

Valens Semiconductor encourages all employees, officers and directors to report any suspected violations promptly and is committed to thoroughly investigating any good faith reports of violations. We will not tolerate any kind of retaliation for reports or complaints regarding misconduct made in good faith. Employees can report complaints through an online whistleblowing reporting

form and the 24/7 hotline, the internal online communication platform or to the General Counsel, who will involve the appropriate committee. Complaints received anonymously are sent directly to the Chief Financial Officer and General Counsel, who investigate and treat in accordance with the appropriate policy. In 2021 there were no complaints on corruption or unethical conduct.

## Insider Trading Policy

Valens Semiconductor's Insider Trading Policy prohibits trading by insiders on the basis of material information acquired about Valens Semiconductor. The purpose of such policy is to ensure compliance with securities laws and to safeguard the integrity of Valens Semiconductor's stock price in the open market. All employees are acquainted with and required to sign the policy.

2021

Our Code of Business Conduct and Ethics

100% of our employees received training on the code

0% cases of non-compliance



# CODE OF CONDUCT (RBA) ACROSS THE SUPPLY CHAIN

As stated in the [company's policy](#), Valens Semiconductor believes in protecting human rights, labor rights, safety and wellbeing. As a fabless semiconductor company, we strive to work with the highest tier of global suppliers within the industry. We believe our suppliers are dedicated to ESG and have comprehensive environmental management systems implemented that aid them in managing climate change related risks and other environmental externalities.

For example, [TSMC](#), one of the largest foundries in the world, designs and manufactures our silicon wafers. As per TSMC's most recent (2021) CSR Report it has the following management systems and certifications in place, among others.

-  100% ISO14001 Certified Facilities for Environmental Management System
-  Scope 1, 2 and 3 greenhouse gas (GHG) calculations and disclosures
-  Compliance with ISO45001 for occupational safety and health management system
-  Compliance with international information security standards ISO27001, ISO15408, National Institute

of Standards and Technology Cyber Security Framework (NIST CSF) and others



Programs to assist their own suppliers and contractors achieve the same level of environmental management excellence with high rates of participation

Valens Semiconductor expects its suppliers to comply with the laws, rules, and regulations in the countries in which they operate and to implement the principles of the [Responsible Business Alliance \(RBA\) Code of Conduct](#).

We value our relationships with all our suppliers and invest in building open-channels of communication through consistent meetings, updates and regularly scheduled in-person supplier audits. Every new Valens Semiconductor employee receives training on the company's RBA. Starting in 2023, Valens Semiconductor intends to set, as a new KPI, annual training for all employees.

## Protecting Human Rights

Valens Semiconductor does not tolerate human rights violations and is committed to ensuring the workers in its supply chain are treated fairly and with dignity and respect. Forced, bonded, indentured, prison labor, slavery or trafficking of persons is unacceptable. Additionally, companies should respect the rights of workers in relation to working hours, wages, and benefits.

## Labor Protections

Valens Semiconductor outlines the importance of protecting employees through humane treatment, non-discrimination, freedom of association and occupational safety. We work closely with all our suppliers and clearly communicate our policies to them. For example, child labor (as determined in the policy) is not to be used in any stage of manufacturing. To the best of our knowledge, none of our suppliers are relying on forced labor, nor do they deny their employees the right of freedom of association and collective bargaining.

## Conflict Minerals

Valens Semiconductor does not condone the use of minerals sourced from conflict regions and expects suppliers to establish their own due diligence program to ensure conflict-free supply chains. We expect our suppliers to commit to the Electronic Industry Citizenship Coalition® (EICC®) Code of Conduct which includes a provision related to the responsible sourcing of minerals. **100% of our critical suppliers have signed our 'Suppliers Quality Policy'** reflecting their commitment to maintaining due diligence conflict mineral programs. All our suppliers also have a policy to reasonably assure that the Tantalum, Tin, Tungsten and Gold in the products they manufacture are DRC conflict-free.

# OUR RISK MANAGEMENT STRATEGY

Strong risk management practices are vital to long-term corporate health and social responsibility. Risk assessment and management is imbedded in our business decision making processes and overseen by the Board of Directors, as part of the discussion and approval of the company's annual business plan.

**Primary fabs**  
Climate risks are managed at Board level

**Customer data**  
Zero leaks, loss or theft of personally identifiable information in 2021

The infographic features a central image of a laptop on a blue circuit board background. To the left is a circular icon of a microchip, and to the right is a circular icon of a person with a lock. The text is arranged around these elements.

The company has an internal auditor who conducted an in-depth risk survey during 2021. The survey was reviewed by the Audit committee and served as the basis for the internal audit workplan approved for 2022.

## Business Continuity Plan

Valens Semiconductor has a Business Continuity Plan (BCP). The plan was created by our Environmental and Quality Department and is shared with those who have responsibilities within the plan.

The plan covers more than a dozen potential emergency events including extreme weather conditions, IT infrastructure failure and virus outbreaks. It contains mitigation methods and drill plans to reduce overall risk.

To address a disaster event quickly and effectively, we defined the roles and responsibilities of teams that should be urgently engaged, prepared an emergency response from zero hour, and communication procedures with main stakeholders such as affected suppliers, clients, and employees.





## CYBER SECURITY APPROACH

We believe maintaining a high level of information security is a foundational requirement. The company has established an advanced level of information security management, putting in place clearly defined responsibilities and oversight roles, security systems, security policies, procedures and annual security strategy work plans which include a structured educational program to our executive management on cyber security risks.

Our IT Department Security Policy outlines operational methodologies aiming to minimize cyber security threats including access rights management and access control, system management and security monitoring, risk management and audits.

Examples of the items detailed within the policy are as follows: Remote access to the network is allowed to authorized users through a VPN, Malware endpoint protection (EDR) is deployed on all endpoints, operating systems updates (critical and security) and applications updates for servers and users' endpoints are administered regularly by the IT department.

Access rights (permissions) to various system resources are managed by the IT department, based on a "least privilege" approach. Regular training and updates are scheduled for all employees and contractors on security policies and procedures.

In 2021, we had zero identified leaks, losses or theft of customer data or personally identifiable information.

## SAFEGUARDING PRIVACY

Valens Semiconductor is committed to protecting the privacy of our customers' personal data. As a business-to-business company, collecting personal data is not part of our process. Nevertheless, we believe deploying top privacy standards and compliance is crucial.

Through our company website, [Valens.com](https://valens.com), and other related subdomains and landing pages provided by Valens Semiconductor, we may collect, use and store a variety of personal data, including identity data; contact information; technical data from devices used to access our website and services; and aggregated data, such as statistical or demographic data. All data is collected to provide our stakeholders the best service and user experience possible, with the utmost discretion as per our formal policies.

To maintain our commitment to privacy we have developed numerous management guidelines and policies to ensure privacy matters. First and foremost, we have a comprehensive [Privacy Policy](#) which is compliant with the European Union's 'General Data Protection Regulation' (GDPR), one of the leading and strictest privacy and security laws in the world. We also have a [Privacy Charter](#) which outlines our commitment to strengthening and protecting privacy rights and adopts the privacy principles outlined in GDPR. Additionally, our commitment to privacy is embedded in our company Code of Conduct.

Finally, we have a Cookie Policy, Terms of Use for the Valens Semiconductor website, and a contact point regarding all data privacy requests and concerns. To learn more about our privacy policies and related information see our website under the [Privacy Center page](#).



# APPENDIX

## ABOUT THIS REPORT

Valens Semiconductor is proud to present its first ESG Report. This report covers Valens Semiconductor's sustainability-related projects, technology, business and activities during 2020 and 2021, for the period of January 1, 2020, to December 31, 2021, with some additional details provided from prior years.

Our offices in Israel employed close to 93% and 94% of our employees in 2020 and 2021 respectively. Unless otherwise stated, business operations described in this report relate to our offices in Israel.

This report was written in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and the Sustainable Accounting Standards Board (SASB).

Looking ahead we plan to publish an ESG report annually, to provide transparency and easily comparable data on our performance. Through the reporting process we aim to encourage dialogue with all our stakeholders and inform on our improvements over time.

### Contact us

If you have any questions about this report or our ESG journey, please contact:

**Daphna Golden**

VP, Head of Investor Relations

Valens Semiconductor

[investors@valens.com](mailto:investors@valens.com)

**Michal Serkin**

Quality Manager

Valens Semiconductor

[quality@valens.com](mailto:quality@valens.com)

### Acknowledgements

We wish to thank all those involved in the concept development, data collection, writing and production of this report, which couldn't have happened without their dedication.

### Statement from Good Vision, Sustainability Advisors Fahn Kanne & Grant Thornton Group

Good Vision assisted Valens Semiconductor in writing this report. Good Vision is a member organization of the GRI Gold Community working to empower businesses, corporations and decision makers everywhere to act towards a more sustainable economy and future through ESG initiatives and stewardship.





## FORWARD LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “will,” “expect,” “anticipate,” “believe,” “seek,” “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding our anticipated future results, including financial results and contract wins, future economic and market conditions, our future prospects, product development and business strategies, and our future performance relative to certain metrics, indicators or goals. These statements are based on various assumptions, whether or not identified in this report, and on the current expectations of Valens Semiconductor’s (“Valens”) management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and may differ from assumptions. Many actual events and circumstances are beyond the control of Valens Semiconductor.

These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political and legal conditions; failure to realize the anticipated benefits of the business combination; future global, regional or local economic and market conditions; the development, effects and enforcement of laws and regulations; Valens’ ability to manage future growth; Valens’ ability to develop new products and solutions, bring them to market in a timely manner, and make enhancements to them; the effects of competition on Valens’ future business; the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries; the effects of health epidemics, such as the recent global COVID-19 pandemic, have had and could in the future have on Valens’ revenue, its employees and results of operations; the cyclicity of the semiconductor industry; Valens’ ability to adjust its supply chain volume due to changing market conditions or failure to estimate its customers’ demand, including during any downturn in the automotive or audio-video markets; disruptions in relationships with any one of Valens’ key customers; difficulty selling products if customers do not design Valens products into their product offerings; Valens’ dependence on winning selection processes and ability to generate timely or sufficient net sales or margins from those wins; political conditions in Israel; and those factors discussed in Valens’ annual report on Form 20-F filed with the SEC on March 2, 2022 under the heading “Risk Factors,” and other documents of Valens filed, or to be filed, with the SEC. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that Valens does not presently know or that Valens currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect Valens’ expectations, plans or forecasts of future events and views as of the date of this report. Valens anticipates that subsequent events and developments may cause Valens’ assessments to change. However, while Valens may elect to update these forward-looking statements at some point in the future, Valens specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Valens’ assessment as of any date subsequent to the date of this report. Accordingly, undue reliance should not be placed upon the forward-looking statements.



GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
<b>Organization profile</b>	102-1	Name of the organization	Introduction
	102-2	Activities, brands, products, and services	Introduction
	102-3	Location of headquarters	Introduction
	102-4	Location of operations	Introduction
	102-5	Ownership and legal form	Responsible Governance
	102-6	Markets served	Introduction, Products and Sustainability
	102-7	Scale of the organization	Introduction
	102-8	Information on employees and other workers	People and Society- Equity, Diversity and Inclusion
	102-9	Supply chain	Responsible Governance- Operating with Ethics and Integrity
	102-11	Precautionary Principle or approach	Responsible Governance- Our Risk Management Strategy
	102-12	External initiatives	People and Society- Community Engagement and Social Impact Products and Sustainability- Innovations that Connect and Drive Us Forward
	102-13	Membership of associations	Introduction- Stakeholder Engagement
	<b>Strategy</b>	102-14	Statement from senior decision-maker
<b>Ethics and integrity</b>	102-16	Values, principles, standards, and norms of behavior	Responsible Governance- Introducing our Board of Directors
<b>Governance</b>	102-18	Governance structure	Responsible Governance- Introducing our Board of Directors
	102-22	Composition of the highest governance body and its committees	Responsible Governance- Introducing our Board of Directors
	102-23	Chair of the highest governance body	Responsible Governance- Introducing our Board of Directors

## GRI INDEX (Cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
Stakeholder engagement	102-40	List of stakeholder groups	Introduction- Stakeholder Engagement
	102-41	Collective bargaining agreements	Valens Semiconductor employees are not employed based on a collective bargaining contract.
	102-42	Identifying and selecting stakeholders	Introduction- Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Introduction- Stakeholder Engagement
Reporting practice	102-45	Entities included in the consolidated financial statements	About this report
	102-46	Defining report content and topic Boundaries	About this report
	102-47	List of material topics	Introduction- Our Material Topics
	102-50	Reporting period	About this report
	102-52	Reporting cycle	About this report
	102-53	Contact point for questions regarding the report	About this report
	102-54	Claims of reporting in accordance with the GRI Standards	About this report
	102-55	GRI content index	About this report
Management Approach (required for each material aspect)	103-1	Explanation of the material topic and its Boundary	Introduction- Our Material Topics
	103-2	The management approach and its components	Responsible Governance
Economic performance	201-1	Direct economic value generated and distributed	Introduction- Highlights
	201-2	Financial implications and other risks and opportunities due to climate change	Responsible Governance- Our Risk Management Strategy Environmental Business Stewardship- Environmental Impact through the Value Chain
Indirect Economic Impacts	203-2	Significant indirect economic impacts	Products and Sustainability

## GRI INDEX (Cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
Anti-corruption	205-1	Operations assessed for risks related to corruption	Responsible Governance- Our Risk Management Strategy
	205-2	Communication and training about anti-corruption policies and procedures	Responsible Governance- Operating with Ethics and Integrity
	205-3	Confirmed incidents of corruption and actions taken	Responsible Governance- Operating with Ethics and Integrity
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible Governance- Operating with Ethics and Integrity
Energy	302-1	Energy consumption within the organization	Environmental Business Stewardship- Office Operations
	302-3	Energy intensity	Environmental Business Stewardship- Office Operations
	302-4	Reduction of energy consumption	Environmental Business Stewardship- Office Operations
	302-5	Reductions in energy requirements of products and services	Environmental Business Stewardship- Office Operations
Water	303-1	Total volume of water used	Environmental Business Stewardship- Office Operations
Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental Business Stewardship- Office Operations
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Business Stewardship- Office Operations
	305-4	GHG emissions intensity	Environmental Business Stewardship- Office Operations
	305-5	Reduction of GHG emissions	Environmental Business Stewardship- Office Operations
Effluents and Waste	306-2	Waste by type and disposal method	Environmental Business Stewardship- Office Operations
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	In 2020 and 2021 there were no cases of non-compliance.
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Environmental Business Stewardship- Environmental Impact through the Value Chain

## GRI INDEX (Cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
<b>Employment</b>	401-1	New employee hires and employee turnover	People and Society- Equity, Diversity and Inclusion
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People and Society- Employee Health and Safety
	401-3	Parental leave	People and Society- Equity, Diversity and Inclusion
	404-2	Programs for upgrading employee skills and transition assistance programs	People and Society- Training and Talent Development
<b>Diversity and Equal Opportunity</b>	405-1	Diversity of governance bodies and employees	People and Society- Equity, Diversity and Inclusion
<b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	People and Society- Equity, Diversity and Inclusion
<b>Freedom of Association and Collective Bargaining</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Responsible Governance- Operating with Ethics and Integrity
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Governance- Operating with Ethics and Integrity
<b>Human Rights</b>	412-2	Employee training on human rights policies or procedures	Responsible Governance- Operating with Ethics and Integrity
<b>Local Communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs	People and Society- Community Engagement and Social Impact
<b>Supplier Social Assessment</b>	414-1	New suppliers that were screened using social	Responsible Governance- Operating with Ethics and Integrity
<b>Customer Health and Safety</b>	416-1	Assessment of the health and safety impacts of product and service categories	Products and Sustainability
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020 and 2021 there were no cases of non-compliance.
<b>Customer Privacy</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible Governance- Cyber Security Approach
<b>Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	In 2020 and 2021 there were no cases of non-compliance.



# SASB INDEX

SASB Topic	SASB Code	SASB Accounting Metric	Unit of Measure	Reference/Response
<b>Product Security</b>	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	n/a	Responsible Governance- Our Risk Management Strategy
<b>Employee Diversity &amp; Inclusion</b>	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Percentage (%)	People and Society- Equity, Diversity and Inclusion
<b>Product Life Cycle Management</b>	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage (%)	Not applicable to the company's product line.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent (see note)	Percentage (%)	Not applicable to the company's product line.
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Percentage (%)	Not applicable to the company's product line.
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Metric tons (t), Percentage (%)	As a fabless company we do not control the product life cycle beyond the development and design stages.
<b>Supply Chain Management</b>	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Percentage (%)	Responsible Governance- Operating with Ethics and Integrity
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Rate	Responsible Governance - Operating with Ethics and Integrity
<b>Materials Sourcing</b>	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	n/a	Responsible Governance- Operating with Ethics and Integrity
<b>Activity Metric (Hardware)</b>	TC-HW-000.B	Area of manufacturing facilities	Square feet	As a fabless company Valens Semiconductor does not own any manufacturing facilities.

## SASB INDEX (Cont.)

SASB Topic	SASB Code	SASB Accounting Metric	Unit of Measure	Reference/Response	
Percentage of production owned facilities	TC-HW-000.C	Percentage of production from owned facilities	Percentage (%)	0%	
Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions (2) amount of total emissions from per fluorinated compounds	Metric tons (t) CO <sub>2</sub> -e	Environment- Office Operations	
Greenhouse Gas Emissions	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n/a	Environment- Office Operations	
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Number, Percentage (%)	Responsible Governance- Cyber Security Approach	
Data Security	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	n/a	Responsible Governance- Cyber Security Approach	
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Number, Days	In 2020 and 2021 there were no identified performance issues, service disruption or customer downtime.	
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	n/a	Responsible Governance- See also <a href="#">2020 20F</a>	
Activity Metric (Software)	TC-SI-000.C	(1) Amount of data storage (2) percentage outsourced	Petabytes, Percentage (%)	2020 0%	2021 0.32 0%