Valens Semiconductor 2024

Environmental, Social, Governance (ESG) Update Report

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Introduction

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

Yoram Salinger

Igal Rotem

We are pleased to share Valens Semiconductor's fourth annual Environmental, Social and Governance (ESG) Report, which reinforces our ongoing commitment to key ESG initiatives and demonstrates the progress we achieved in 2024.

In this reporting process, we aim to reflect our devotion to the ESG aspects that are vital to our business and stakeholders. We value open discussion to share our progress and milestones over time.

Valens Semiconductor is dedicated to creating advanced products that deliver robust, high-performance wired connectivity through cost-effective infrastructure across multiple industries such as automotive, audio-video, Machine Vision, Robotics and Medical. We create connectivity solutions that transform industries while upholding our commitment to social and environmental responsibility.

This year we achieved the ISO/IEC 27001:2022 certification for Information Security Management Systems (ISMS). We also acquired Acroname, a company that specializes in advanced automation and control technologies. This represents our first M&A transaction and a significant milestone in our strategic efforts to diversify across multiple industries and expand the value we deliver to our customers.

Automotive – we are proud to announce that in 2024, we secured three automotive design wins from leading European OEM's with our VA7000 MIPI A-PHY compliant chipset series. These design wins reinforce A-PHY's position as a unifying industry standard, enabling safer, more reliable ADAS technologies for automakers and consumers.

Environment - We recognize that environmental impact is a crucial element of our operations and actively strive to minimize power consumption in our products. We have achieved significant progress in our efforts to maximize energy efficiency. In 2024, we decreased our total electricity consumption by 9% year-over-year, and by 27.5% compared to 2021. Our combined Scope 1 and Scope 2 GHG emissions reduced by 22% compared to 2023, and by 57% compared to 2021. In 2024, we responsibly recycled 490 kg of electronic waste, compared to 140 kg in 2023, much of this can be accredited to a dedicated recycling campaign. Additionally, we observed an 11% reduction in fuel consumption, both gasoline & diesel for employee vehicles between 2023 and 2024.

Employees - Our well-being program achieved over 80% participation in corporate events. We are happy to share that the Culture Club, which was launched in 2023, doubled their events offered in 2024. We organized 45 events for employees, from family outings and volunteering opportunities to holiday celebrations, happy hours, and movie nights. To support healthy lifestyles, we provided nutritious food

options, including healthier snack options and fruits. Additionally, we continued to offer complimentary memberships to the Freepoint Fitness and Pilates studio for all employees, reinforcing our commitment to their well-being.

In 2025, we aim to launch a new leadership program called LIFT. This stands for Leadership, Influence, Future/Finance, and Tenacity and is built to provide information on a wide range of topics spanning from understanding how public companies operate to mental resilience.

Community engagement and leadership empowerment - In both 2023 and 2024, our efforts focused on uplifting disadvantaged populations, supporting youth, and promoting best practices within education initiatives. In 2024, we continued our partnership with the Reim association, and a group of Valens Semiconductor volunteers packaged holiday baskets for families in need. We take great pride in bringing joy to dozens of families through this initiative. Additionally, in December of 2024, we distributed gift boxes to IDF soldiers in the rehabilitation department at Sheba-Tel Hashomer Hospital in Ramat Gan, Israel. At Valens, we foster innovation through educational initiatives. In December 2024, a group of ninth-grade gifted students from the Ahad Ha'am middle school visited Valens and learned about how our products work, empowering them to delve into the world of technology.

Valens

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At Valens, we make an effort to recruit employees from across different populations and socioeconomic groups within Israeli society, including Orthodox Jews, Arabs, other minorities, and individuals with disabilities. In 2024, 100% of employees received formal performance evaluations and career development reviews, providing each team member with personalized support for advancing their skills and career paths. As of 2024, 27% of executive roles and 17% of senior management roles are held by women.

We appreciate the support of our stakeholders and are proud of what we have accomplished together in building a globally committed company. We look forward to ongoing discussions about our future progress as we at Valens Semiconductor continue to push the boundaries of connectivity, striving to create a better world for our employees, customers, suppliers, investors, and communities.

Yoram Salinger
Chief Executive Officer
Valens Semiconductor Ltd.

Igal Rotem
Chairman
Nominating, Governance and Sustainability Committee

Valens Semiconductor Ltd.

Notable achievements in 2024

Achieved ISO/IEC 27001:2022 certification for Information Security Management Systems (ISMS)

Reduced combined Scope 1 and Scope 2 GHG emissions

by **22%** compared to **2023**

by **57%** compared to **2021**

Decreased total electricity consumption

by **9% year-over-year**

by **27.5%** compared to **2021**

Gender diversity

27% of **executive roles**

17% of **senior management roles**

are held by women

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About Valens Semiconductor

Valens Semiconductor is revolutionizing connectivity with cutting-edge technology that sets new industry standards. As a pioneer in high-speed, long-reach data and video transmission, our chipsets are integral to the evolution of digital experiences worldwide. From advanced driver assistance systems (ADAS) and autonomous vehicles to next-generation video conferencing, Valens is driving innovation across multiple sectors.

Our integrated solutions, featuring industry-leading technologies like HDBaseT and MIPI PHY-A, ensure seamless connectivity and superior performance. By enabling millions of devices globally, Valens is not only redefining connectivity but also advancing energy efficiency and safety. With our commitment to pushing technological boundaries, Valens Semiconductor is at the heart of shaping the future of digital and automotive markets.

Summary of Financial Results
(U.S Dollars in thousands, except per share amounts)

	Year ended December 31st	
	2023	**2024**
Revenues	84,161	57,859
Gross Profit	52,592	34,227
Gross Margin	62.5%	59.2%
Net Income (Loss)	(19,661)	(36,583)
Working Capital	158,763	133,577
Cash, cash equivalents and short-term deposits	142,020	130,955
Non-cash (used in) operating activities	(6,359)	1,019
Non-GAAP Financial Data		
Non-GAAP Gross Margin	63.9%	62.9%
Adjusted EBITDA Income or (Loss)	(10,259)	(21,063)
Non-GAAP Income or (Loss) per share (in the U.S Dollars)	$(0.05)	$(0.15)

Our Commitments and Targets

Goals set in 2024 report

Environment

- Implement energy-saving measures in office spaces (e.g., LED lighting, motion sensors) to reduce energy consumption by 10% by the end of 2025.

- Commit to sourcing at least 30% of office electricity from renewable sources by end of 2027.

- Achieve a 25% reduction in office waste through recycling programs and a move towards digital document management by the end of 2030

- Beginning the monitoring of our suppliers' emissions by the end of 2026

Social

- Establish at least two mentorship pairings annually for underrepresented groups in technical roles by the end of 2026, and implement feedback mechanisms to assess and improve the program. Introduce a quarterly employee wellness program, including mental health workshops and fitness challenges, with a goal of 80% employee participation by the end of 2027.

- Continue our volunteering program, aiming for 15% employee participation by the end of 2027, up from the current 10% involvement.

Governance

- Achieve ISO 50001 — Energy management certificate by end of 2028

Our Commitments and Targets

Status of Goals Set in 2023 Report
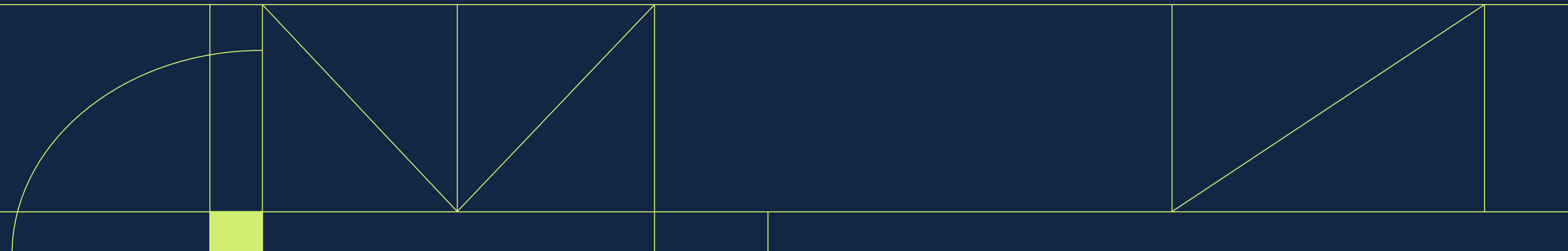
Environment

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Governance

- ESG and climate training for the Board by end of 2025

█ Completed   █ Long term goal   █ Not completed
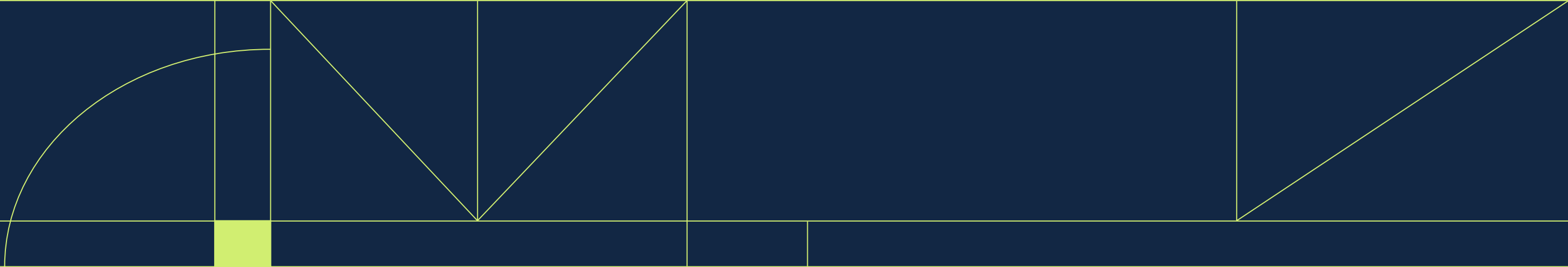
UN Sustainable Development Goals (SDG's)

The UN Sustainable Development Goals (SDGs) aim to inspire action in crucial areas for both humanity and our planet. Our core business and ESG strategies—encompassing environmental, social, and governance aspects—align with the SDGs listed below

Good health & well-being

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

For further details, see Products and Sustainability

Quality education

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

For further details, see Products and Sustainability

Gender equality

Achieve gender equality and empower all women and girls.

For further details, see Equity, Diversity and inclusion

Decent work and economic growth

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

For further details, see Environmental Business Stewardship; People and Society; Products and Sustainability; Responsible Governance

Industry, innovation and infrastructure

Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

For further details, see Environmental Business Stewardship; Products and Sustainability

Sustainable cities and communities

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

For further details, see Environmental Business Stewardship; Products and Sustainabilty

Responsible consumption and production

Ensure sustainable consumption and production patterns.

For further details, see Environmental Business Stewardship

Climate action

Take urgent action to combat climate change and its impacts.

For further details, see Products and Sustainability; Environment Business Stewardship

Our ESG Review Process

We continue to implement a comprehensive ESG review process that integrates all our stakeholders. In 2024, we followed the same methodology as in 2023 and have continued to focus our analysis on the same environmental, social and governance topics. This report is an update for our stakeholders on our ESG initiatives and progress achieved in 2024.

We closely follow global ESG trends for our sector and plan to continue to conduct annual evaluations of relevant topics as we aim to ensure our communications and updates address our stakeholders' needs.

Stakeholder engagement

At Valens Semiconductor, 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 (NGO's).

We engage with stakeholders through a wider range of methods including:

- Business collaboration and partnerships
- Conferences and trade shows
- Customer relationship management
- Plugfests
- Social media channels
- Webinars
- CEO round table for management and employees

We are active contributors in numerous industry associations, including:

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

Products & Sustainability

Products and Sustainability

19

Years of innovation

2

Global industry standards

100S

Of customers

1

Emmy award

125

Patents granted

40M+

Chips sold

We're excited to announce that Valens Semiconductor has acquired **Acroname Inc.,** a leader in advanced automation and control technologies.

This acquisition enhances our cutting-edge USB offering for the industrial and professional Audio-Video markets by combining Valens' innovative USB extension chipsets with Acroname's unique expertise in USB protocols. With our shared spirit of innovation, we will deliver unrivaled solutions and expand our market reach.

Valens Semiconductor Connectivity Technology

Product Features

VS100 Series

The VS100 series supports the distribution of uncompressed multimedia for long distances over Category cables. Supporting HDBaseT 1.0, it converges uncompressed HDMI 1.4, audio, controls and power with zero latency.

VS2000 Series

The VS2000 series supports the distribution of uncompressed long-distance multimedia over Category cables or fiber. Supporting HDBaseT 2.0, Compared to VS100, it adds USB on top of all other interfaces.

VS3000 Series

The VS3000 chipset series is a highly integrated IC with best-in-class long-distance multimedia distribution in the professional audio-video market. Supporting HDBaseT 3.0, it is the only truly uncompressed solution for HDMI 2.0 4K@60 4:4:4 long reach connectivity with zero-latency.

VA6000 Series

Automotive grade, ideal for infotainment systems, the VA6000 Series supports the convergence and extension of symmetric high bandwidth multimedia interfaces over the simplest infrastructure. Converged interfaces include Ethernet, Audio, USB, Controls and Power. This chipset is the connectivity backbone for Mercedes MBUX infotainment system across models.

VS6320 Series

This chipset family includes Valens' newest chip – the VS6320 – which addresses one of the most prominent pain points in videoconferencing and machine vision setups. The VS6320 is a single-chip, low-power, affordable USB3.2 extension solution for distances of up to 100 meters over standard category cable.

VA7000 Series

The VA7000 Series is the first MIPI A-PHY standard compliant SerDes on the market for error-free high resolution, long reach sensor connectivity laying the foundation for the automotive industry ADAS and Autonomous vehicles, with additional applications in Industrial, Medical, and videoconferencing.

Valens USB and power extender

A plug and play solution to extend USB and power over a single standard CAT cable, for distances up to 100 meters (328 feet). This product is certified by Logitech and Sennheiser as the recommended choice for installers when an extension for their cameras and video bars is required.
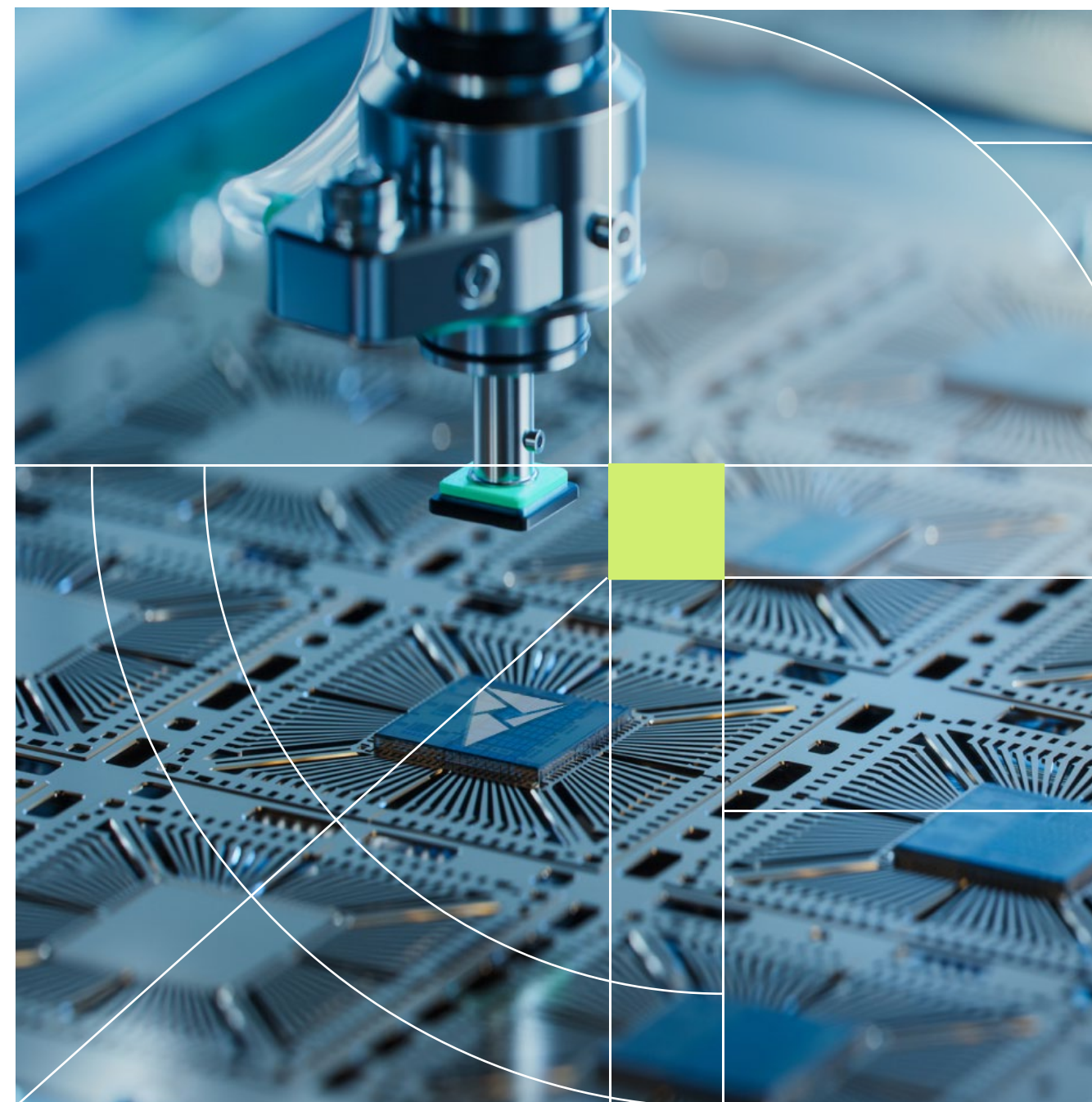
Valens Connectivity Solutions Across Industries

Valens Semiconductor's high-performance connectivity solutions transform industries, allowing for innovations involving heavy amounts of data to be transferred with zero latency and the highest signal integrity, enabling AI-based innovations that increasingly rely on sensor connectivity and high bandwidth video transfer. Verticals that benefit from Valens technology include: Automotive, Education, Medical, Industrial Machine Vision, and Video Conferencing. The technology often allows for increased safety and reliability in automotive and medical imaging and increases equity in the evolving video conferencing landscape.

Education

Leading players in the video conferencing space are seeking to offer customized solutions for the education market that has a set of specialized requirements, among them: ease of use, reliability, distance, scalability, and image quality. Valens has several customers that have launched products for this space, most notable is Logitech with a product line based on the Valens VA6000 chipset. The Logitech Rally Streamline Kit is a USB PTZ video solution for engaging in hyflex teaching and presentations in large spaces through simple wireless preset buttons located strategically at different points of interest in the classroom/hall, allowing the teachers to easily change the focus of the cameras in the room to those preset points of interest (whiteboard, podium, experiments table, etc). The cameras are connected and powered over a standard category cable utilizing Valens technology.

Other leading manufacturers include Extron, who have been very strong with universities that require overhauls with sustainability in mind. With HDBaseT backward compatibility and interoperability nature, Extron has some great case studies: including the university of Washington. See more in the link.

Corporate

The corporate landscape has been evolving since the COVID pandemic. We are at the stage where corporations are struggling to "woo" employees back to the office. The notion is known as "earning the commute". Part of this effort means providing a state-of-the-art facility that includes proper video conferencing solutions. Valens is a key enabler of video conferencing connectivity solutions. It is not just the camera connectivity but also other conference room peripherals, such as the tabletop touch panels, that have become the gateway to any video conferencing room (Microsoft Teams Room, Zoom Room, etc.).
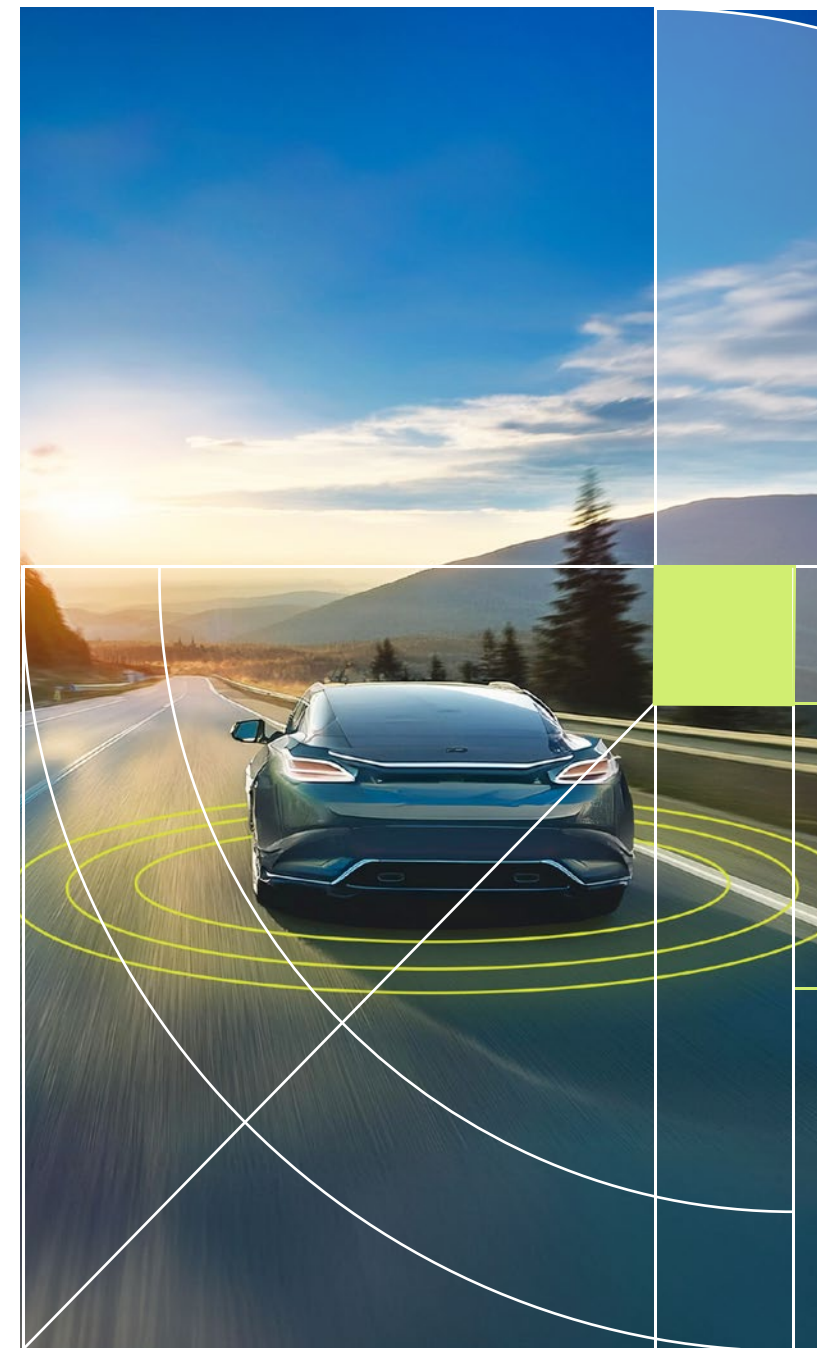
Healthcare

For quite a while, Valens technology has been a key connectivity component in various medical imaging devices that require the operator to be at a distance from the imaging machine. This includes CT & MRI machines, respiratory machines and general operating room AV distribution. The most dominant requirement is high resolution, zero latency and reliability – all attributes Valens excels at. Our customers include Siemens Healthineers, EIZO and more. We are proud to be part of these life-saving products.

Recently, many leading companies from the 'scope' (colonoscopy, laparoscope, gastroscope and more) vertical have been incorporating the Valens VA7000 Sensor connectivity chipset in their next-generation platforms to support the transition to single-use devices. This effort is being boosted by recent FDA recommendations to reduce casualties caused by cross-contamination. Moving to single-use also significantly reduces the use of environmentally hazardous materials used for sterilization of multi-use scopes.

Automotive

Our VA6000 chipset is in a wide range of Mercedes-Benz models being sold today (S, C, and E). Mercedes has declared that they are fully focused on battery electric mobility for their future as they work toward truly sustainable mobility, and we are proud to be part of this initiative, as our chips are also being deployed in their EQx Electric Vehicle (EV) models.

Progressing towards integration of our chipsets into safety critical ADAS, in September 2024 we announced three automotive design wins from leading European OEMs with our VA7000 MIPI A-PHY-compliant chipsets.

Valens

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Innovative Developments and Milestones in 2024

In 2024, we introduced a **new USB3 and Power Extender,** built around the VS6320 chipset, designed for industrial environments. This extender supports high-speed USB3.2 Gen1 traffic, USB2.0, control signals, and 25W of power, all transmitted over a single cable. By eliminating the need for multiple cables, the solution simplifies system architecture, reduced installation costs, and ensured reliable 24/7 operation, particularly in machine vision and sensor-based applications.

We are proud to highlight the electrosurgical noise cancellation feature integrated within our VA7000 chipset. This innovative technology ensures exceptional EMC reliability and high-resolution video for single-use endoscopes withstanding electrical interruptions caused by cutting and cautery. Leveraging the VA7000 chipset, the endoscopes deliver several key benefits: on top of unparalleled EMC reliability during medical procedures, the chipsets provide, high-resolution imaging for a wide field-of-view, all of which enhance the capabilities of medical professionals and contribute to improved patient outcomes. Additionally, the chipset's compact form factor and extremely low power consumption make it an optimal solution for high-performance single-use endoscopy, a rapidly expanding segment in the medical field.

We are pleased to announce that we have secured three automotive design wins from leading European OEMs for our **VA7000 MIPI A-PHY** chipsets. These design wins come after rigorous testing of various connectivity solutions available in the market, which found Valens' **A-PHY solution** superior across multiple performance metrics.

This achievement reinforces Valens' position as a key supplier of **ADAS connectivity solutions** and solidifies **A-PHY** as the industry standard for next-generation automotive connectivity.

"This is a significant milestone, not only for Valens but for the automotive industry at large. These design wins affirm A-PHY's role as the standard that will drive advancements in ADAS and autonomous driving. We are confident that this success will accelerate the broader adoption of A-PHY across the industry, positioning Valens as a leading supplier in the market."

Gideon Kedem,
Former Head of Automotive Business at Valens Semiconductor.

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Standardization and Ecosystem Engagement

At Valens, we believe in driving industry innovation through active engagement in standardization efforts. Our approach is that you can't grow a forest in a walled garden. Achieving economies of scale and creating a diverse competitive landscape for the better of the industry is achievable only through standardization.

Key standardization bodies that Valens is involved in include:

MIPI Alliance

Valens is a key contributor to MIPI A-PHY standardization efforts. In 2024, this included:

- Participation in workgroups for defining the A-PHY next generation (A-PHY 2.1)
- Participation in finalizing the conformance test suite (CTS) for A-PHY
- Multiple interoperability events were organized to ensure seamless operation between solutions from different vendors. Valens Chipsets are considered the "golden units" in these interoperability events.

A3

In 2024, Valens joined A3, the machine vision industry body that standardizes connectivity solutions for machine vision. Valens has been active in defining a USB3Vision standard for extending USB3Vision cameras.

EMVA

In 2024, Valens joined EMVA (European Machine Vision Association). EMVA defined the Geni-cam software standard that defines the API communication with any machine vision camera and we are working towards defining a Geni-cam API for USB3Vision Extension and MIPI A-PHY cameras.

HDBaseT Alliance

The HDBaseT alliance, co-founded by Valens, Samsung, LG & Sony Pictures, continues to advance and promote the technology in the professional Audio Video space as well as some adjacent markets such as Industrial and Medical.

In all these areas, the technology provides a streamlined high-performance solution for long-reach multimedia, converged over a standard single category cable. In 2024, we have seen a significant uptake for the latest HDBaseT standard extending USB3, which is widely used in the industry as well as providing professional-grade solutions for the booming Video conferencing space.

HDBaseT is proud to support the industry with a greener footprint thanks to the reduction in cables due to interface convergence as well as the ability to repurpose existing infrastructure, re-using old equipment with new components since HDBaseT is backward compatible between technology generations and interoperable between different vendors.
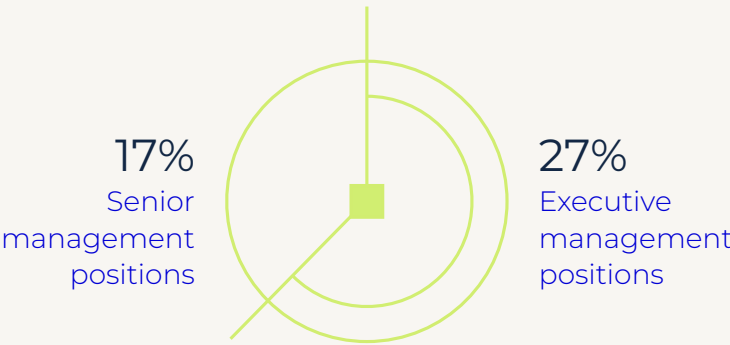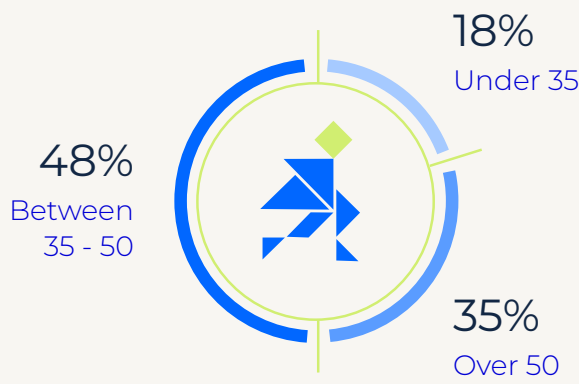
People and Society

Our Employees

Women in management
2024

17%
Senior management positions

27%
Executive management positions

Employee age range
2024

18%
Under 35

48%
Between 35 - 50

35%
Over 50

New hires
2024

36%
Women

64%
Men

As a top provider of high-performance connectivity, pushing boundaries and excelling is at the heart of everything we do. We focus on creating a meaningful and enriching work environment that creates opportunities for our people to grow and develop.

At the end of 2024, our total workforce comprised 228 employees and contractors compared to 241 at the end of 2023.

Diversity, equity and inclusion

Valens Semiconductor is committed to the principles of diversity, inclusion, and equal rights. As an Israeli company, we are subject to the Equal Work Opportunities Law (1988), under which an employer is prohibited from discriminating against employees or job applicants on the basis of race, gender, ethnicity, nationality, religion, age, or other reasons. At Valens Semiconductor, we recognize the importance of diversity and view the integration of a diverse population into our workforce as essential to providing new perspectives.

We acknowledge the individual strengths of each employee and their personal potential for creating a stronger and more satisfied work community. In line with our approach, we make an effort to recruit employees from across different populations and socio-economic groups within Israeli society, including Orthodox Jews, Arabs, other minorities, and individuals with disabilities.

Our policies are designed to ensure employees are treated fairly and with respect and dignity. While the worldwide semiconductor industry is typically a male-dominated industry, we seek to promote gender inclusivity within our company wherever possible. We work closely to ensure a positive work environment for all employees and are proud to have had no formal complaints about discrimination or harassment in the workplace in 2024.

Parental leave

We offer all our employees paid parental leave in line with the respective local law. Israeli law allows parents to enjoy 15 weeks of paid parental leave. Six mothers took parental leave in 2024. Following their leave, four of them returned to the office and two are still on maternity leave.

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

Attracting and Retaining the Best Talent

Average tenure by year

Year	Tenure
2022	4.8 years
2023	5.6 years
2024	6.9 years

At Valens Semiconductor, we understand that the development of cutting-edge technology requires highly skilled, motivated, and creative individuals.

Our work producing meaningful and technically advanced semiconductor products naturally attracts curious and ambitious individuals. We strive to attract and foster an inclusive environment that promotes continuous learning through comprehensive training programs and career development opportunities.

We collaborate with an industry expert to refine our approach to attracting and retaining our workforce of employees and contractors, as we constantly try to improve and align with labor market trends. Valens Semiconductor promotes internal mobility and advancement.

Training and Talent Development

Our approach recognizes that lifelong learning and attaining new skillsets are key to the ongoing success of our company. Our training and development program has a tailor-made approach that includes:

- Regular check-ins between employees and managers
- Annual personalized employee learning plans and key performance indicators (KPIs) as part of our performance review process (twice a year, mid-year and full year review and guidance)

- Exposure to various industry and technology-related innovative approaches
- Specialized training and orientations for new hires and entry-level positions
- Professional skills and technical skills training
- Soft skill training
- Effective management courses
- Peer group learning and development programs

We have cultivated a culture that actively connects our engineers—including junior team members—with our customers and the broader business aspects of the company. We do this by involving them in conferences and other business-facing activities. Additionally, we host a variety of lectures for our employees each quarter to encourage ongoing learning and engagement.

As part of our commitment to continuous development, we also focus on nurturing leadership skills across the organization. In 2023, we launched a pilot one-day interactive program for team leaders and group managers. This initiative included a series of seven follow-up meetings designed to foster open dialogue, build a strong peer network, encourage collaborative thinking, and, most importantly, establish a unified language and approach throughout the company.

In 2024, **100% of employees received formal performance evaluations and career development reviews**, providing each team member with clear feedback, growth opportunities, and personalized support for advancing their skills and career paths.

LIFT program launches in 2025

In 2025, we plan to launch a leadership program called LIFT, which stands for Leadership, Influence, Future/Finance, and Tenacity. The program is built around four key areas: the business and financial landscape, state-related matters, and both global and local perspectives. It consists of four meetings per quarter.

The program covers a range of topics, including mental resilience, finance (with a focus on how public companies operate), the future of employment, and more.

Roundtable discussions

To further enhance employee engagement and foster open communication, we have been conducting a series of CEO roundtable discussions since 2020. Each session is attended by the CEO, an executive staff member, and a diverse group of mid-level managers and employees from across the company, who are invited to participate annually.

The primary goals of these roundtables are to maintain transparent communication between leadership and employees, provide a platform for sharing strategic messages, and create meaningful opportunities to gather and consider employee feedback and perspectives.

These discussions also serve as a forum for sharing important company updates. Topics include ongoing efforts to improve organizational transparency, such as R&D meetings that bring together employees from different departments to collaborate and exchange ideas. Additionally, each roundtable features a quarterly business update, giving employees insights into customer trends, current business performance, and competitor developments.

Technical skills

Examples of the professional skills obtained by our team members in 2024 included:

- Advanced PCB design
- Signal processing with MATLAB
- Innovus Block Implementation with Stylus Common UI
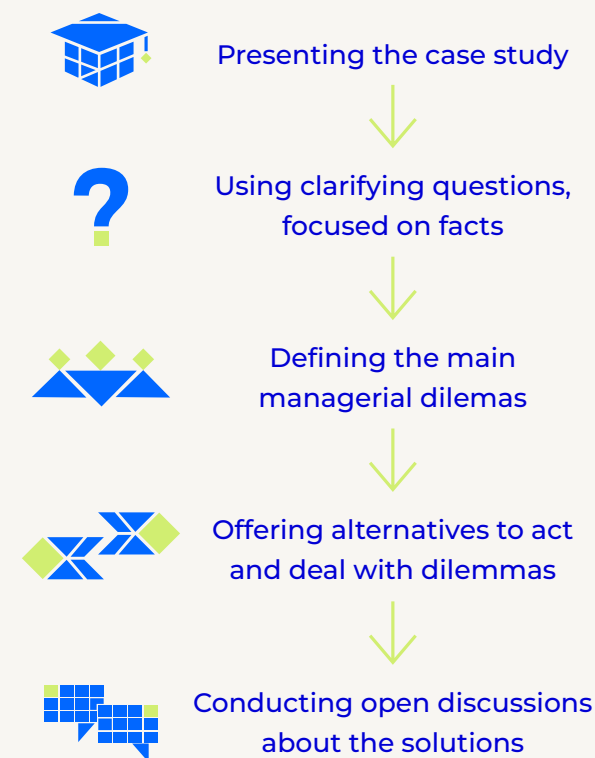- Leading with AI: A Co-Pilot Approach

Soft skills

Examples of the professional skills obtained by our team members in 2024 included:

- Personal coaching for executives
- Preparing team leaders through personal coaching for their first management roles

Knowledge Sharing Through Our Peer Group Models

Mid-level managers and Team Leaders across the company participated in quarterly Peer Group meetings to enrich their knowledge and enhance their leadership skills. In these meetings, our company's leaders participated in organized conversations to discuss case studies, share insights, ask questions, and collaborate across various teams. The group works together to analyze the case studies through different stages:

Presenting the case study

Using clarifying questions, focused on facts

Defining the main managerial dilemas

Offering alternatives to act and deal with dilemmas

Conducting open discussions about the solutions

These case studies encourage creative thinking to evaluate and analyze complex situations and experiences from different perspectives. They also provide a supportive and collaborative learning environment that encourages community, relationship building and teamwork.

At Valens Semiconductor, we have a strong focus on internal mobility. For example, team leaders come from within the firm, and individuals' responsibilities increase over time and across the organization. We want our juniors to have a diverse and holistic experience and strive for them to be exposed and engaged in the end-to-end product work process. **The Internal mobility rate in 2024 was 6%.**

Employee Well Being

Valens Semiconductor attempts to ensure a positive work environment for its employees. We offer a range of professional opportunities, complemented by social, physical, and mental wellbeing. Since 2020, we have successfully transitioned into a hybrid working model across our offices, with our employees having the ability to work from home one day per week.

Committed to creating a positive workplace culture and enhancing employee experience, our company values the importance of recreational and social activities. We actively encouraged employees to give back through volunteering and donation opportunities. These endeavors have proven to be highly successful with enthusiastic participation.

Highlights of our 2024 well-being program include:

- **Over 80% participation rate in corporate events**, including many activities on weekends and after work hours.

- Supported employees in adopting healthy eating habits by offering **nourishing food and beverage options**, such as less sugary snacks and fruit drinks.

- **In 2023, we established our signature Culture Club,** and we are happy to share that in 2024, we have continued this operation, and doubled the events offered to our employees. This club offers

employees more personalized cultural events two to three times a month with activities ranging from dance classes to stand-up and theater shows and with an extra ticket available for family and friends to join in on the fun.

- **Throughout the club's operation in 2024, we organized 45 events for employees**, ranging from family trips and volunteering to holiday celebrations, happy hours, women's day, tours, movie nights and theater performance.

- **Offered complimentary memberships** for the Freepoint Fitness and Pilates studio for all of our employees

Employee Health and Safety

Valens Semiconductor prioritizes employees' health and safety and closely monitors relevant procedures through our comprehensive Emergency Preparedness and Response Policy, which outlines team-member responsibilities.

As part of our enhanced emergency preparedness, we have installed lifesaving defibrillators in our offices in Israel. Over the past few years, we've been conducting regular training and drills to ensure our employees are well-prepared for quick and safe evacuations in case of fire. These training sessions also cover earthquake preparedness, handling hazardous materials, injury prevention, electrical shock protection, and ergonomic practices to minimize the risk of Musculoskeletal Disorders (MSDs). We closely track participant engagement to maintain high

involvement across all activities. At the conclusion of each exercise, we provide a detailed summary, including recommendations and corrective actions, along with target dates for completion.

Additionally, we've developed an annual work plan that includes operational system tests for both the building and the ventilation system, supported by a safety consultant. In 2024, we initiated an audit for the ISO 45001:2018 Occupational Health and Safety (OH&SMS) Management System, which is expected to be completed in 2025.

Furthermore, we continue to offer our employees in Israel a premium private health insurance policy, with preferred pricing available for their immediate family members.

Community Engagement and Social Impact

Community engagement has always been a core value for us. We have established a community development program that encompasses volunteering and sponsorship initiatives aligned with our corporate values. By encouraging our employees to actively participate in these activities, we aim to make a positive difference and contribute to the well-being of our local communities.

Strengthening our community is a priority, and we actively support initiatives in Hod Hasharon through donations and local partnerships. We also collaborate with the municipality to advocate for infrastructure improvements, such as the development of the nearby train line, and continue to push forward sustainability projects like solar energy solutions. Additionally, we are committed to reducing waste by donating items we no longer need, ensuring they are put to good use rather than discarded.

In both 2023 and 2024, our efforts focused on uplifting disadvantaged populations, supporting youth, and promoting best practices within education initiatives.

Promoting Technology Education

In December, a group of ninth-grade gifted students from Ahad Ha'am Middle School in Petah Tikva had an exciting visit to our company! The students were eager to learn as they explored how our products work, with the experience seamlessly linking to their physics lessons. They were thrilled to tour our cutting-edge facilities and laboratories, gaining firsthand insight into the world of technology.

Supporting Holiday Baskets to Homes in Need

In 2024, a group of Valens Semiconductor volunteers continued their partnership with the Reim Association, assisting in the packaging of holiday baskets for families in need in our hometown of Hod Hasharon, Israel. Our team takes great pride in being part of this meaningful effort, bringing joy to dozens of families in our community.

We are proud to highlight Michael Reich, a senior team leader and our all-star, trailblazing volunteer, who has helped organize many community engagement initiatives and has motivated other Valens Semiconductor employees to give back, as well.

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Supporting Communities Around Us

In 2024, we have provided donations to communities and NGO's. Including:

- In December, gift boxes were distributed to IDF soldiers in the rehabilitation department at Sheba-Tel Hashomer Hospital in Ramat Gan. The boxes were prepared using Valens boxes that were no longer needed, with a total of 27 boxes distributed.

Community Donations and Support Initiatives

- Mobility Unit of the Tank Battalion: Two desktop computers, a laptop, and a monitor were donated to establish civilian computer stations for the welfare of reserve soldiers.

- "Beit Hila" Association – Promoting At-Risk Youth: We donated office equipment, wooden storage boxes, and old shirts. At the end of the year, the children organized a small exhibition to showcase their crafts and artwork. Additionally, Valens shirts were repurposed in the craft room and transformed into work aprons.

- "Mitel" Association – Supporting Victims of Sexual Assault: Office equipment was donated to help support the association's important work.

- "Rishpon Medical Farm" Association – Supporting Recovery: A comprehensive technology donation was made to assist individuals recovering from substance abuse and other challenges. The donation included a Cisco indoor Wi-Fi system (comprising 30 access points and two control units), five laptops, televisions, computer monitors, wireless routers, streaming devices, and various peripheral equipment.
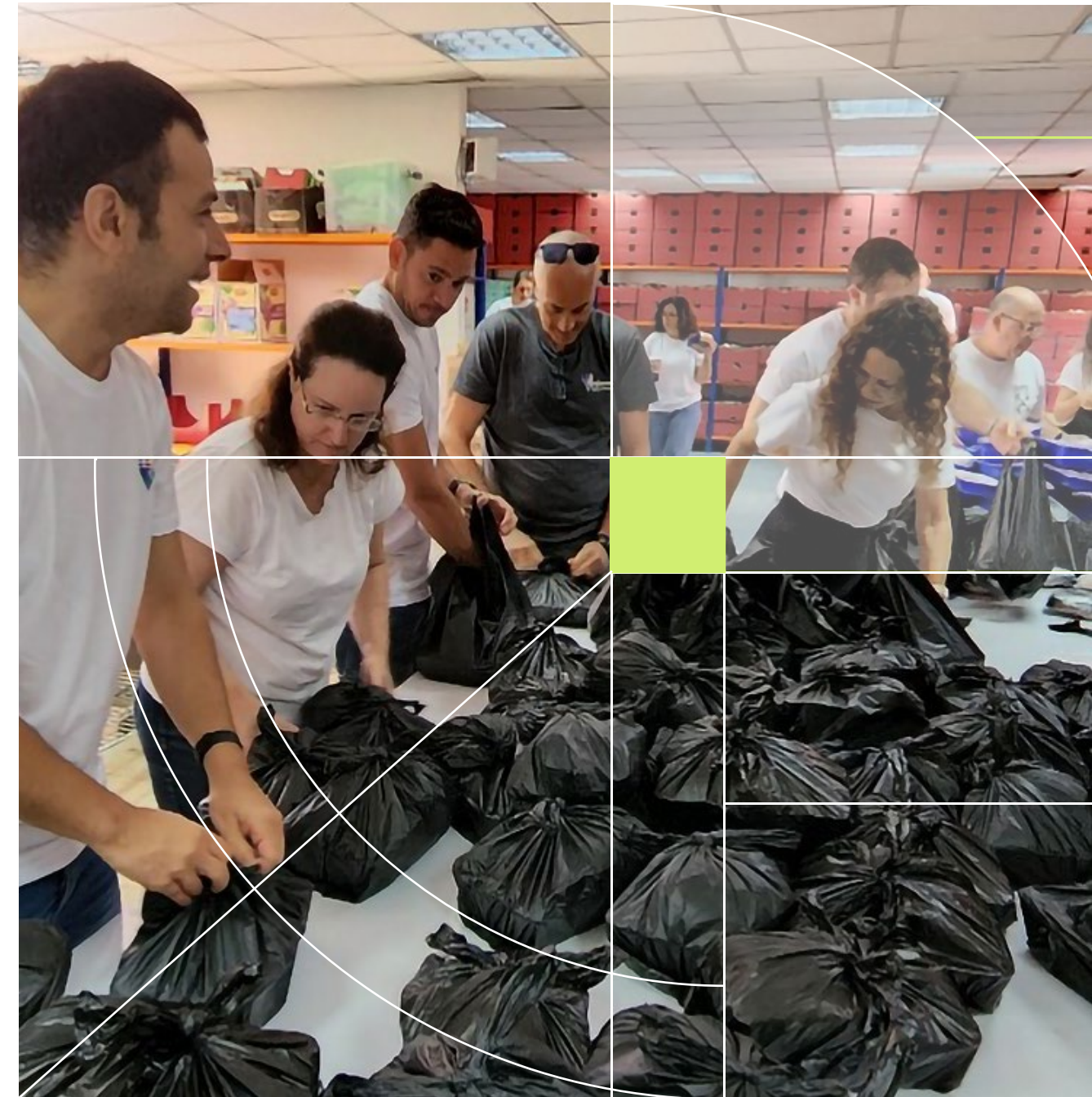
Environmental Business Stewardship

Environmental Business Stewardship

At Valens Semiconductor, we develop solutions that promote sustainable transformation across the audio-video and automotive sectors. We work across the value chain to implement our sustainable design principles, improve environmental performance, and raise sustainability awareness.

Enhancing resilience of connectivity

Minimizing energy consumption

Aiding in the simplification process and achieving harness weight reduction

Improving cable efficiency and system interoperability

Ultimately contributing to a greener environment

Valens

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Design for Sustainability

Environmental impact is a key consideration within our design processes. In the markets where we operate, we introduce disruptive industry-wide high-performance solutions that aim to increase optimization by focusing on interoperability, energy, and resource reduction, thereby contributing to a greener environment.

Applying our design values to audio-video products

Valens Semiconductor excels in core areas such as improving existing wiring, enhancing interoperability and standardization, and reducing energy consumption. Our advanced audio-video content distribution technology enables workplaces and educational institutions to support hybrid and remote working environments, which can contribute to a reduction in greenhouse gas emissions and air pollution related to commuting and travel.

By optimizing the use of existing products and streamlining installation processes, we can reduce landfill waste and lower the energy and materials needed for setup. Our standardized solutions facilitate smooth integration across different brands, allowing users to choose freely while making more sustainable choices. This approach also means that when updates are needed, only specific components can be replaced, minimizing costs and electronic waste.

Power optimization is a key priority in our design process. For each new product, we establish clear energy consumption KPIs and provide detailed

energy data. Our chipsets are designed to replace several lower-bandwidth connections with a single, faster, and more energy-efficient one, thereby reducing the overall power consumption of the final product. Additionally, our chipsets feature low-power modes that enable circuits to be turned off when no data is actively being transmitted.

Applying our design values to automotive products

The rising number of sensors and the growing data load present significant challenges for automotive manufacturers and designers in managing their designs and accommodating additional cable connections. Valens Semiconductor's connectivity solutions address these issues by reducing cable weight, optimizing space within vehicles to minimize the need for extra cables, and simplifying installation. This reduces the complexity and extensive manual labor traditionally associated with wiring.

Our emphasis on high-performance connectivity addresses a key challenge in the automotive industry and enhances the sustainability of vehicles in multiple ways. We help car manufacturers reduce material consumption by cutting down on weight, improving EMI/EMC resilience to support vehicle advancements, and minimizing the risk of recalls. Our solutions enhance the resilience and flexibility required for a more adaptable and sustainable audio-video and automotive industry.

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Environmental Impact Through Value Chain

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

We are proud to work with suppliers who seek to operate in an environmentally sustainable manner. Taiwan Semiconductor Manufacturing Company (TSMC), ASE Technology Holding Co, UTAC Group (UTAC), and STMicroelectronics (STM), the primary manufacturers in our supply chain, are communicating that they are striving to take significant steps to manage their own environmental footprint.

Our suppliers handle a variety of key material environmental elements including:

- Energy and climate risk management

- Renewable energy

- Responsible procurement

- Waste (including hazardous and electronic waste)

- Water usage

We evaluate and track our suppliers' (new and existing, as part of our procurement process) environmental management strategies to ensure that we can meet both our internal and stakeholders' environmental goals. Based on our primary suppliers'

public disclosures, they are committed to managing energy consumption and increasing their efficiency by using renewable energy, implementing low-carbon manufacturing practices, and operating large-scale water 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.

All certificates are available on the Valens website - Under **Quality**.

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 the various stakeholders -suppliers, customers and others.

This commitment is articulated in our vision through our Quality and Environmental Policy and our Responsible Business Alliance (RBA) Code of Conduct.

Our long-standing environmental commitment is reflected in our annual environmental management certification, accredited since 2011 by the International Organization for Standardization (ISO) 14001:2015 certification. ISO 14001:2015 is the leading Environmental Management System 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, we run an environmental impact management tool, which is reviewed and updated annually. We record and evaluate known potential environmental impacts and set objectives and responsible holders for relevant items.

Based on our established objectives, we have implemented an annual Environmental Work

Plan managed by the Quality and EHS team. This plan includes initiatives such as enhancing employee awareness, conducting internal audits on environmental indicators, performing gap assessments, and implementing Corrective and Preventive Actions (CAPA). The environmental mapping tool is reviewed and presented to company management annually, and the company's KPIs are also discussed during the annual management review meeting.

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Office Operations

2023 to 2024

9% lower electricity consumption

2023 & 2024

Our water consumption has remained stable

2023 to 2024

11% decrease in fuel consumption (gasoline & diesel) for employee cars from 2023 to 2024

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.

Energy consumption

In 2024, we lowered our total electricity consumption by 27.5% compared to 2021. This reduction was facilitated by replacing old chillers with new, more efficient systems, selected after conducting an energy survey, as well as the transition to energy-saving LED lighting. Overall, we are making progress toward maximizing our energy efficiency to its fullest potential level of energy efficiency.

As our offices are leased, we have limited control over building operations; however, we remain committed to focusing on improving our energy performance and aim to lower our environmental footprint.

We offer employees a flexible work-from-home policy (with one working day per week), which allows for a reduction in commute time and related fuel consumption. In 2023 and 2024, we consumed a total of approximately 87,700 and 77,400 liters of gasoline, respectively, achieving an 11.7% reduction.

GHG emissions

In 2024, our Scope 1 emissions were 188 tCO2eq and our Scope 2 emissions were 409 tCO2eq. Our emissions reduced across both scopes in 2024 from 2023 due to reduced fuel, cooling gas and electricity consumption. Our cooling system underwent repair leading to a significant reduction in cooling gas consumption and related emissions.

From 2021 to 2024, we achieved a reduction in our Scope 1 and 2 emissions by -75% and -36% respectively. In total, our combined GHG emissions decreased by 57% over this period from 1,397 tons in 2021 to 597 tons in 2024. Notably, we also recorded a year-on-year reduction of 22% between 2023 and 2024, continuing our consistent downward trajectory.

As our HQ offices are leased, in 2023, we underwent a negotiation process in order to be able to implement an update to the building's AC unit including the replacement of old chillers. This update, which will take place in 2024 will help us to increase our efficiency and reduce the emissions associated with cooling gases in the office

Water stewardship

Our water footprint consists mainly of water used in our offices. We closely monitor our water use and strive to conserve our footprint, wherever possible. In 2024, we used 1,868m3 of water. This was the result of water reduction measures we applied, such as utilizing low flow faucets. Moreover, the increase in the number of dishwashers in use may have further contributed to the observed reduction in water consumption.

Our electricity consumption (MWH)

2021 1290 MWH
2022 1069 MWH
2023 1027 MWH
2024 935 MWH
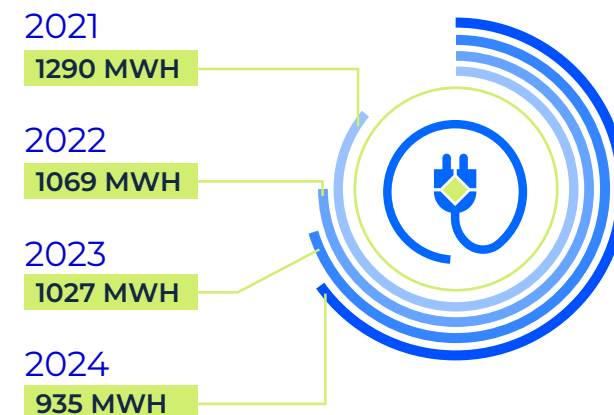
Our GHG emissions (tCO₂eq)

2021 755
2022 506
2023 280
2024 188
Scope 1

2021 642
2022 532
2023 483
2024 409
Scope 2
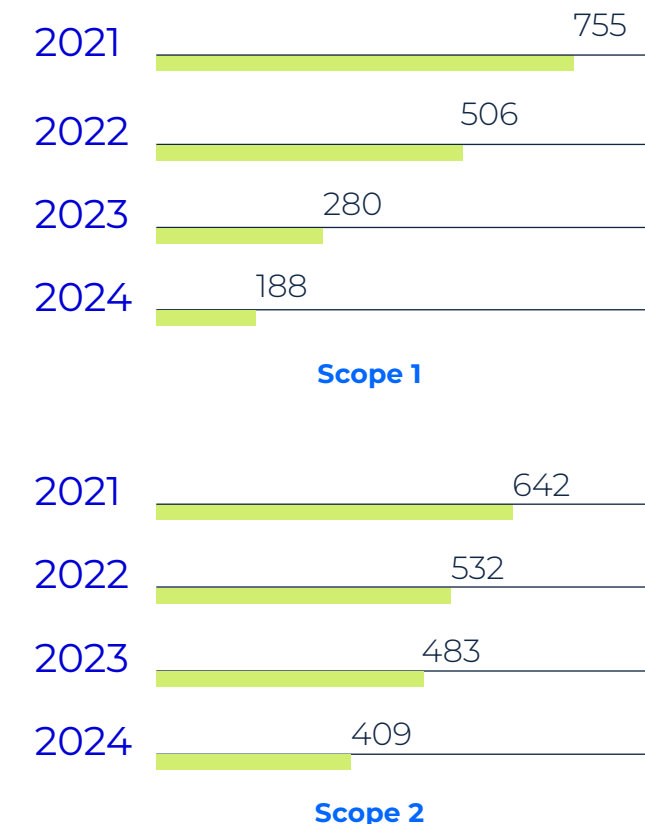
Managing our waste

We continue our efforts to manage waste responsibly across all office locations. Recycling bins for paper remain available throughout our offices, and we maintain our goal to recycle at least 90% of the paper we dispose of. To support this target, we run awareness campaigns across multiple channels to ensure recyclable materials are disposed of properly.

The kitchenware reduction initiative launched in 2022, continues to prove successful and remains in place, contributing meaningfully to the reduction of disposable items in our offices. Our target is to continue reducing the number of disposable dishes in our offices. We are proud to have surpassed our target of 15%.

Regarding electronic recycling, we continue to work with the same provider who holds **ISO 9001:2015** (Quality Management System) and **ISO 14001:2015** (Environmental Management System) **certifications**, which are designed to help us meet legal requirements, and our waste is disposed of safely for people and the environment.

In 2024, we responsibly recycled 490 kg of electronic waste, compared to 140 kg in 2023. This significant increase was driven by a dedicated recycling campaign, as well as a decision to dispose of numerous electronic boards that had been stored at Valens for years and formally remove them from the company's financial records.

Valens Semiconductor strives to increase the proper disposal of our employees' personal and company electronic waste. We continue to encourage the responsible disposal of personal and company-owned electronic waste. As part of our ongoing e-waste collection program, employees are invited once a year to bring in malfunctioning or no longer in-use electronic items from home, in addition to the ongoing collection of company materials such as screens, cables, lightbulbs, batteries, and other electronic waste.

Where appropriate, we evaluate donation opportunities for used electronics, and in 2024, we continued our practice of donating computer equipment to individuals and organizations in need.

Hazardous chemicals are not a material environmental issue for our office operations due to their highly restricted use.

Sustainability awareness with our employees

At Valens Semiconductor, we understand that reducing our environmental footprint is a collective effort that depends on employee awareness and engagement in sustainability. Our initiatives continue to include informative campaigns, an electronic recycling program, an employee-driven switch to reusable dishware, a paperless office initiative, and robust ESG disclosure and communication efforts.

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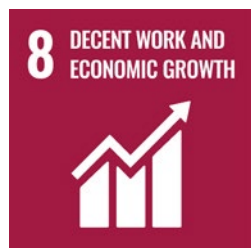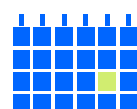
Responsible Governance

Responsible Governance

8 out of 10

Directors on the board
are independent

97%

Attendance rate out of 15
board of directors meetings
held in 2024

Valens Semiconductor's mission is to develop leading-edge products that enable robust, ultra-high-performance wired connectivity over simple, cost-effective infrastructure for the large and growing automotive and audio-video markets. Our corporate governance infrastructure reinforces this mission.

We believe that responsible and transparent corporate governance, which prioritizes our stakeholders' interests, is crucial to the Company's approach to sustainability.

Recognizing that environmental, social, and governance risks and opportunities are strategically important to the Company's success, the Board of Directors established a dedicated 'Nominating, Governance and Sustainability Committee' to direct and guide sustainable, company-wide strategies in 2021. 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. During 2024, the Committee met twice and also approved the 2023 ESG report.

For more information on our corporate governance practices see our **Governance Documents**.

Our Board of Directors

The members of Valens Semiconductor's Board of Directors bring deep knowledge and expertise cultivated over decades of professional experience in sustainable markets, like the automotive, electric vehicle, high-tech, and financial services industries.

Our Board of Directors has ten members, including one woman, seven individuals who are independent Directors (based on NYSE standards and applicable SEC rules), and nine individuals who are non-executive. Our Chairman of the Board, Peter Mertens, is an independent director.

To learn more about our valued Board members, see our Board of Directors.

As of the end of 2024, the average age of our Board members was 59, with Directors' age ranging between 49 and 67 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. The average duration of sitting Board members as of 2024 is 8.5 years.

To take full advantage of the board members' accumulated expertise, our policy allows for unlimited tenure; however, our articles of association divide our directors into three classes, with each class elected or eligible for re-election 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.

⁶ Independence Policy of The Board of Directors of New York Stock Exchange

In 2024, the Board of Directors held 17 full Board meetings (in-person, via videoconference or written resolutions) throughout the year, all of which had 94% attendance.

In comparison, they had 14 meetings in 2023, also with full attendance. The company's internal and external legal counsels and the internal auditor accompany the Board meetings.

Committees of the board

Our Board consists of three committees: the Audit Committee, the Compensation Committee and the Nominating, Governance and Sustainability Committee.

The audit committee

The committee assists the Board by overseeing the integrity of the Company's financial statements, its compliance with legal and regulatory requirements, and the qualifications and independence of its independent auditor. 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.

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. Igal Rotem
Number of Members	3	3	4
Percentage of Independent Directors in 2024	100% (100%)	100% (100%)	100% (100%)
Number of Committee Meetings held in 2024	6	7	2
Meeting Attendance Percentage in 2024	100% (100%)	100% (100%)	88% (100%)

The nominating, governance and sustainability committee

The committee is responsible for identifying and recommending qualified candidates for the Board of Directors and nominees for director positions 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. The legal counsels and internal auditor are responsible for bringing matters of critical concern about the organizations actual and potential negative impacts on its stakeholders to the attention of the Nominating, Governance and Sustainability Committee.

Board member selection process

Our process for selecting Board members is outlined in the Corporate Governance Guidelines. It is carried out by the Nominating, Governance and Sustainability Committee, based on the criteria listed in the **Nominating, Governance and Sustainability Charter**.

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 the Israeli law. They must also be 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 a number of proposed candidates to shareholders for election by a resolution adopted by a majority. 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 joining the Board of Directors 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 aspects that affect the Company's business and directors' fiduciary duties.

Annual performance evaluation

The Nominating, Governance and Sustainability Committee oversees the annual evaluations of the Board's performance by conducting an annual assessment.

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

Our company's reputation for integrity, professionalism, and fairness is one of our most cherished assets. To safeguard these invaluable qualities, we have adopted a Code of Business Conduct and Ethics which undergoes an annual review by the Board of Directors. 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 ensure that all employees are thoroughly familiar with our Code of Conduct and Ethics by distributing it through our internal online channels and offering comprehensive training sessions on the established standards. New hires are required to sign a copy of the Code upon joining the Company. In 2022-2024, 100% of our new employees received training on our Code of Business Conduct and Ethics.

Affirming the effectiveness of our proactive ethical management approach, during 2022-2024, 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 and zero cases relating to harassment or discrimination.

Valens Semiconductor also operates in accordance with the Sexual Harassment Prevention Law, 5758-1998. **All company employees are required to follow the Sexual Harassment Policy and the provisions of the law**. The company publishes its Sexual Harassment Policy on the internal portal, as well as in additional employee gathering points, such as the company's cafeterias. The company's employees confirm, upon being hired, that they have read the extract of the law that is attached to their induction documents, along with explanatory examples, and that they are committed to conducting themselves in accordance with its instructions. The company is obligated to handle any complaint of harassment strictly, in accordance with the policy in effect at the time of the complaint and the provisions of the law. This includes investigating and then drawing conclusions. The company's commitment to fair treatment and prevention of sexual harassment is also included in the Code of Conduct.

Equal work opportunities

As an Israeli Company, Valens Semiconductor is subject to the Equal Work Opportunities Law (1988), under which an employer is prohibited from discriminating against employees or job applicants for a variety of reasons, like race, gender, ethnicity, nationality, religion, and age. See the **People and Society** chapter for additional details.

Whistleblower procedure

Valens Semiconductor encourages all employees, officers, and directors to promptly report any suspected violations and is committed to thoroughly investigating all good faith reports of such violations. 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 form, a 24/7 hotline, our internal communication platform, or directly to the General Counsel, who will then involve the appropriate committee.

Complaints received anonymously are sent directly to the Chief Financial Officer and General Counsel, who investigate and treat the situation in accordance with the appropriate policy. In 2024, 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

Code of conduct

100% of our new employees received training on our Code of Business Conduct and Ethics during 2022-2024, which is also available on the Company's website

100% compliance

There were zero cases of non-compliance with the Code of Business Conduct and Ethics during 2022-2024

of Valens Semiconductor's stock price in the open market. All employees are acquainted with and required to sign the policy. The Company's General Counsel informs all employees on the blackout and available trading windows to ensure compliance with applicable securities laws and verify fair stock trading.

Code of Conduct (RBA) Across the Supply Chain

RBA Code of conduct

100% of critical suppliers reviewed our Responsible Business Alliance (RBA) Code of Conduct

As stated in the Company's Policy, Valens Semiconductor believes in protecting human rights, labor rights, safety, and well-being. As a fabless semiconductor manufacturer, we ensure collaboration exclusively with top global suppliers representing the highest tiers of the industry.

We believe our suppliers are dedicated to ESG and have comprehensive environmental management systems implemented that help them manage climate change related risks and other environmental externalities.

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. Additionally, every new Valens Semiconductor employee receives training on the Company's RBA.

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 or anti-freedom of association and collective bargaining behavior.

Conflict minerals

Valens Semiconductor strictly prohibits the use of minerals sourced from conflict zones and mandates that all suppliers implement rigorous due diligence programs to guarantee conflict-free supply chains. Valens Semiconductor expects its 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 General Quality Agreement (GQA), which reflects their commitment to maintaining due diligence conflict mineral programs. Furthermore, all our suppliers 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

Supply chain

All our primary fabs in the supply chain manage climate risks at their Board level

Information security

In 2022-2024, we had zero identified leaks, losses or theft of customer data or personally identifiable information

Strong risk management practices are vital to long-term corporate health and social responsibility. Risk assessment and management are embedded 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.

The Company has an internal auditor who conducts annual audits. In 2024, three audits were performed: Information Security, Engagement with Distributors, and Quality Management.

In 2021, a comprehensive risk assessment was conducted, covering various aspects of the company's operations, including Information Technology, silicon operations, payroll procedures, and development project management, among others. The findings from this assessment were reviewed by the Audit Committee and served as the foundation for the multi-year internal audit work plan approved in 2023.

As a result of this process, significant efforts were made to implement ISO 27001, which was officially achieved in 2024. The successful implementation led Valens to meet over 30 policies and procedures, including but not limited to: Risk Assessment and Treatment Methodology, Information Security Organization, Business Continuity, Disposal and Destruction Policy, Malware Protection, ISMS Improvements, Human Resource Security, Network Services Security, Operational Procedures, Responsibilities Controls, and Vulnerability Management.

Business continuity plan

Valens Semiconductor has a Business Continuity Plan (BCP). Our comprehensive emergency preparedness plan was meticulously developed by the Environmental and Quality Department, whose details were disseminated to all personnel assigned responsibilities under the plan. The plan covers more than a dozen potential emergency events, including:

- Production Unavailability (e.g, fire, earthquake, flood)
- Transport and Logistics Disruption (e.g, courier service/warehouse disruption)
- People's Unavailability (e.g, Virus Outbreak)
- IT Infrastructure Failure (e.g, communications failures, cyber)

The plan 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, customers, and employees.

We have implemented and approved key policies at the management and board levels, including Asset Classification and Governance Policy and a Security Incident Response Plan. Our incident management includes recovery processes, practice drills, and a 2023 disaster recovery drill with cyber-security elements. We also maintain a backup site in Haifa for data duplication.

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Cyber Security Approach

Successfully completed an audit for ISO/IEC 27001:2022 – Information Security Management Systems (ISMS).

Currently in the process of obtaining the TISAX certification, with completion expected by 2025.

At Valens Semiconductor, we are dedicated to maintaining a high standard of information security as a core priority. In 2024, we took significant steps to upgrade and enhance our cybersecurity infrastructure, policies, and practices, expanding coverage to include a broader range of legal and professional topics. These efforts reflect our proactive approach to addressing and mitigating emerging cyber threats.

This year, we placed a strong emphasis on integrating AI into our cybersecurity strategy to support and empower our employees. Our focus was particularly on machine learning, which enables us to reduce reliance on human intervention for threat detection and mitigation, improving overall efficiency through AI-driven solutions. We also introduced a new service, "Cyber Intelligence," where a third-party service monitors various sources to ensure that Valens' data is not being sold on the dark web.

As part of our commitment to supporting employees, we implemented the AI Copilot for Teams. This tool helps with time management, document summarization, and correspondence. This allows employees to focus on their core tasks and more complex processes, enhancing productivity and efficiency, without compromising on information security.

In 2024, we completed several key projects, including Cyber Management Drill, firewall replacement and renewal, review of firewall rules according to "Least Privileged" principle, limitation of uncontrolled/ unmanaged tools, conducting internal and external penetration tests and additional security projects. To further enhance our expertise, we collaborate with industry experts to continuously refine our

methodologies, expand enforcement policies and system configurations, and audit our systems and architecture.

To protect our data and systems, we employ robust, proven security solutions, including a shift from VPN to zero-trust access and the adoption of Secure Access Service Edge (SASE) for global networking and security.

Cyber and information security certifications

As part of our ongoing commitment to improvement, we set a target to initiate an ISO 27001:2022 audit for Information Security Management Systems (ISMS) in 2023, and we are proud to have successfully achieved it in 2024.

Looking ahead, we are focusing on the TISAX standard, an information security management framework similar to ISO 27001:2022 but tailored specifically for the automotive industry. TISAX includes additional requirements for product development, supply chain management, and information security controls, and we expect to complete certification by 2025.

Cyber security policies and processes

Our Supplier Security Requirements Policy is designed to minimize supply chain risks. We require our suppliers to hold relevant cybersecurity certifications and comply with additional standards set by our dedicated cybersecurity team. As part of our risk management approach, suppliers and contractors must promptly report any cybersecurity incidents—such as data breaches and their potential impact—enabling us to respond swiftly and mitigate further risks.

Our Information Security Policy delineates operational methodologies engineered to mitigate cyber threats, including access rights governance, access control protocols, system management practices, security monitoring, risk assessment, and comprehensive auditing. As part of our strategy, cyber security is deeply integrated into our Research and Development (R&D) processes. Our products undergo various levels of review to establish robust product security and resilience against potential cyber threats.

Cyber security events

During 2022-2024, we had zero identified leaks, losses or theft of customer data or personally identifiable information.

Safeguarding Privacy

Valens Semiconductor is dedicated to protecting the privacy of our customers' data. Although our business-to-business operations do not typically involve collecting personal data, we understand the importance of implementing strong privacy standards and ensuring compliance.

To uphold our commitment to safeguarding privacy, we have implemented comprehensive management guidelines and policies. Our Privacy Policy adheres and ensures compliance with the European Union's 'General Data Protection Regulation' (GDPR), one of the leading and strictest privacy and security laws in the world. Furthermore, our Privacy Charter outlines our commitment to strengthening and protecting privacy rights, incorporating the privacy principles outlined in GDPR. These documents provide clear guidelines for our stakeholders regarding the

collection, use, storage, and protection of their personal data. During 2022, we started adapting the Privacy Policy and internal procedures to be compliant with additional US based privacy legislation, mainly the California Consumer Privacy Act of (CCPA) and the California Privacy Rights Act (CPRA). We have continued this effort in 2024, consistently maintaining adherence to these laws.

Furthering our dedication to customer data protection, we have implemented additional fortified access control measures governing our Customer Relationship Management (CRM) systems. This added another layer to the security of customer data and reinforces our commitment to maintaining the highest standards of data protection. In certain instances, through the Valens Semiconductor website and other related subdomains and landing pages provided by the Company, we may collect, use, and store various types 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. We collect this data solely for the purpose of providing our stakeholders with the best possible service and user experience while maintaining the highest level of discretion as defined by our formal policies.

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 Legal & Privacy Center page.

Our commitment to privacy is further embedded within our company's Code of Conduct, reflecting our efforts to foster a culture of privacy and ensure the protection of personal data.

Appendix
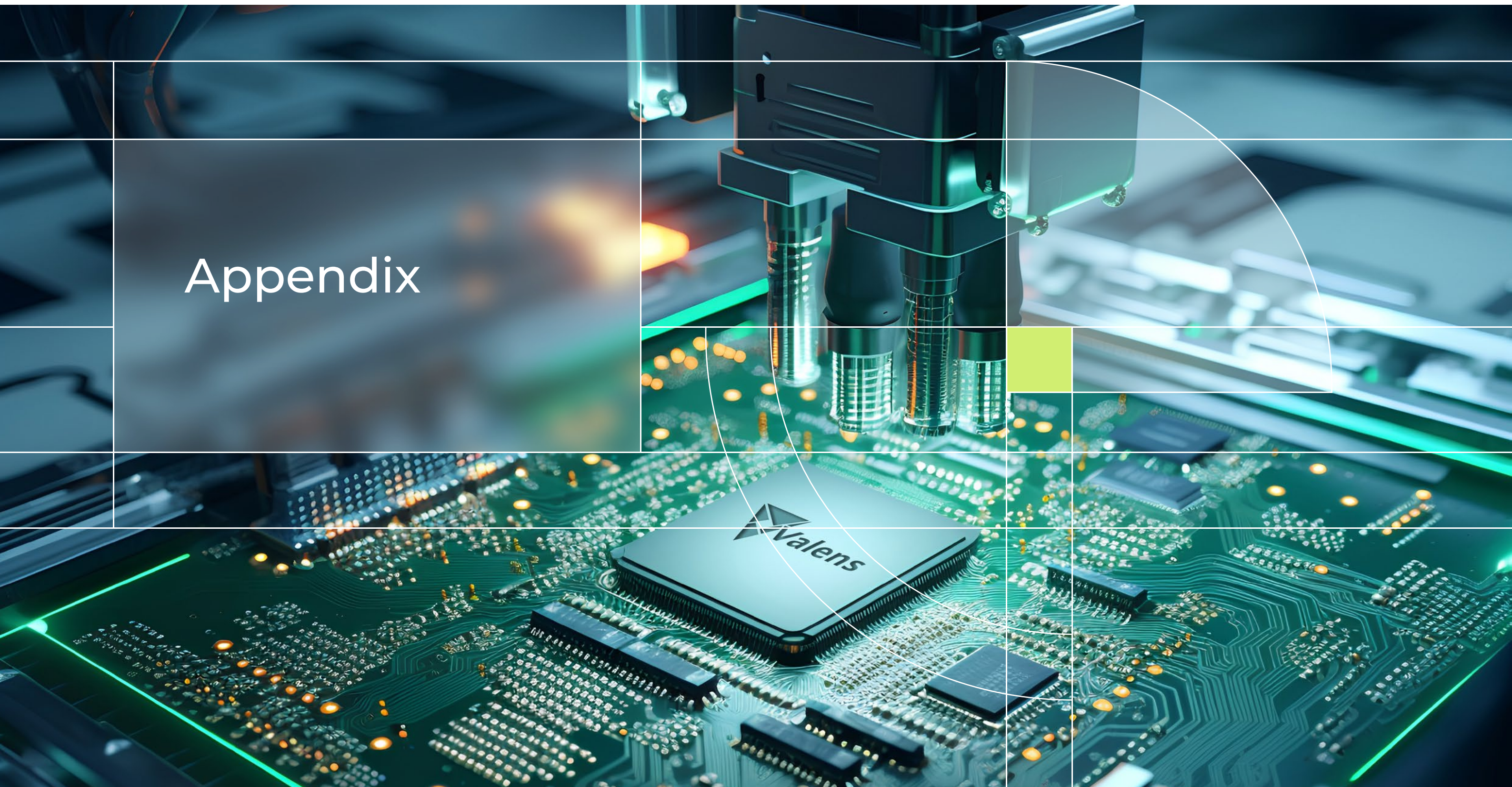
About This Report

Valens Semiconductor is pleased to present our third annual ESG report. This report updates on the status of our sustainability- related projects, technology, business and activities during 2024, for the period of January 1, 2024, to December 31 2024, with some additional details provided from prior years.

Our offices in Israel employed close to 89% of our employees in 2024. Unless otherwise stated business operations described in this report relate to our offices in Israel,

This report is written in reference to the Global Reporting Initiatives (GR.) and the Sustainable Accounting Standards Board (SASB).

Feedback

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

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Acknowledgments

We wish to thank all the people 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.

GRI | COMMUNITY MEMBER | 2025

GOOD VISION
יועצים לאחריות תאגידית

Fahn Kanne
Grant Thornton
An instinct for growth

SASB | CONSULTANT CONTENT PROGRAM
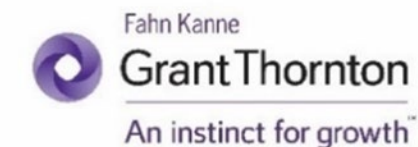
Forward Looking Statements

This press release 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, our five-year plan, currency exchange rates, and contract wins, and future economic and market conditions. These statements are based on various assumptions, whether or not identified in this press release, 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 will 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 the cyclicality of the semiconductor industry; the effect of inflation and a rising interest rate environment on our customers and industry; the ability of our customers to absorb inventory; competition in the semiconductor industry, and the failure to introduce new technologies and products in a timely manner to compete successfully against competitors; if Valens fails to adjust its supply chain volume due to changing market conditions or fails to estimate its customers' demand; disruptions in relationships with any one of Valens' key customers; any difficulty selling Valens' products if customers do not design its products into their product offerings; Valens' dependence on winning selection processes; even if Valens succeeds in winning selection processes for its products, Valens may not generate timely or sufficient net sales or margins from those wins; sustained yield problems or other delays or quality events in the manufacturing process of products; our ability to effectively manage, invest in, grow, and retain our sales force, research and development capabilities, marketing team and other key personnel; our ability to timely adjust product prices to customers following price increase by the supply chain; our ability to adjust our inventory level due to reduction in demand due to inventory buffers accrued by customers; our expectations regarding the outcome of any future litigation in which we are named as a party; our ability to adequately protect and defend our intellectual property and other proprietary rights; our ability to successfully integrate or otherwise achieve anticipated benefits from acquired businesses; the market price and trading volume of the Valens ordinary shares may be volatile and could decline significantly; global political and economic uncertainty, including with respect to China-Taiwan relations; political, economic, governmental and tax consequences associated with our incorporation and location in Israel; and those factors discussed in Valens' Form 20-F filed with the SEC on February 26, 2025 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 press release. 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 press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

GRI Index

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
The organization and its reporting practices	2-1	Organizational details	**Introduction**
	2-2	Entities included in the organization's sustainability reporting	**About this Report**
	2-3	Reporting period, frequency and contact point	**About this Report**
	2-4	Restatements of information	**N/A**
	2-5	External assurance	**N/A**
Activities and workers	2-6	Activities, value chain and other business relationships	**Introduction, Product and Sustainability**
	2-7	Employees	**People and Society -** Our employees
	2-8	Workers who are not employees	**People and Society**
Governance	2-9	Governance structure and composition	**Responsible Governance** – Our Board of Directors
	2-10	Nomination and selection of the highest governance body	**Responsible Governance** – Our Board of Directors
	2-11	Chair of the highest governance body	**Responsible Governance** – Our Board of Directors
	2-12	Role of the highest governance body in overseeing the management of impacts	**Responsible Governance** – Our Board of Directors
	2-13	Delegation of responsibility for managing impacts	**Responsible Governance** – Our Board of Directors
	2-14	Role of the highest governance body in sustainability reporting	The Nominating, Governance and Sustainability Committee is responsible for approving Valens' ESG report. **Responsible Governance** – Our Board of Directors
	2-15	Conflicts of interest	**Responsible Governance-** Operating with Ethics and Integrity
	2-16	Communication of critical concerns	**Responsible Governance** – Our Board of Directors
	2-17	Collective knowledge of the highest governance body	**Responsible Governance** – Our Board of Directors
	2-18	Evaluation of the performance of the highest governance body	**Responsible Governance** – Our Board of Directors
	2-19	Remuneration policies	**Refer to our** 2024 20-F
	2-20	Process to determine remuneration	**Refer to our** 2024 20-F
	2-21	Annual total compensation ratio	N/A

GRI Index (cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Letter from the CEO and Chairman of the Governance, Renumeration and Sustainability Committee
	2-23	Policy commitments	**Responsible Governance -** Operating with Ethics and Integrity
	2-24	Embedding policy commitments	**Responsible Governance -** Operating with Ethics and Integrity
	2-25	Processes to remediate negative impacts	**Responsible Governance -** Operating with Ethics and Integrity
	2-26	Mechanisms for seeking advice and raising concerns	**Responsible Governance- -** Operating with Ethics and Integrity
	2-27	Compliance with laws and regulations	**Responsible Governance -** Operating with Ethics and Integrity
	2-28	Membership associations	**Introduction** – Stakeholder Engagement
Stakeholder engagement	2-29	Approach to stakeholder engagement	**Introduction** – Stakeholder Engagement
	2-30	Collective bargaining agreements	**Valens Semiconductor employees are not employed based on a collective bargaining contract.**
Disclosures on material topics	3-1	Explanation of the material topic and its boundary	**Introduction**
	3-2	List of material topics	**Introduction**
	3-3	Management of material topics	**Responsible Governance**
Economic performance	201-1	Direct economic value generated and distributed	See 2024 20-F
	201-2	Financial implications and other risks and opportunities due to climate change	**Responsible Governance-** Our Risk Management Strategy **Environmental Business Stewardship-** *E*nvironmental Impact through the Value Chain
Indirect Economic Impacts	203-2	Significant indirect economic impacts	**Products and Sustainability**
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

GRI Index (cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
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 -** Design for Sustainability
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 2024 there were no cases of non-compliance
Supplier Environmental Assessment **Employment**	308-1	New suppliers that were screened using environmental criteria	**Environmental Business Stewardship -** Environmental Impact through the Value Chain
	401-1	New employee hires and employee turnover	**People and Society -** Diversity, Equity 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 -** Diversity, Equity and Inclusion
	404-2	Programs for upgrading employee skills and transition assistance programs	**People and Society -** Training and Talent Development
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	**People and Society -** Diversity, Equity and Inclusion

GRI Index (cont.)

GRI Standard Title	GRI Disclosure Number	GRI Disclosure Title	Reference/Response
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	**People and Society** - Diversity, Equity and Inclusion
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	**Responsible Governance** - Operating with Ethics and Integrity , Code of Conduct
Human Rights	412-2	Employee training on human rights policies or procedures	**Responsible Governance** - Operating with Ethics and Integrity
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	**People and Society** - Community Engagement and Social Impact
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	**Responsible Governance** - Code of Conduct (RBA) Across the Supply Chain
Customer Health and Safety	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 2021-2024 there were no cases of non-compliance.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	**Responsible Governance** - Safeguarding Privacy
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	In 2021-2024 there were no cases of non-compliance.

SASB Index

SASB Topic	SASB Code	SASB Accounting Metric	Unit of Measure	Reference/Response
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	n/a	**Responsible Governance -** Our Risk Management Strategy See also 2024 20-F
Employee Diversity & Inclusion	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** - Diversity, Equity, and Inclusion
Product Life Cycle Management	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.
Supply Chain Management	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-** Code of Conduct (RBA) across the Supply Chain
	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-** Code of Conduct (RBA) across the Supply Chain
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	n/a	Responsible Governance - Conflict Minerals

SASB Index (cont.)

SASB Topic	SASB Code	SASB Accounting Metric	Unit of Measure	Reference/Response
Activity Metric (Hardware)	TC-HW-000.B	Area of manufacturing facilities	Square feet	As a fabless company Valens Semiconductor does not own any manufacturing facilities.
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 -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, safeguarding Privacy
Data Security Managing Systemic Risks from Technology Disruptions	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, safeguarding Privacy
	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Number, Days	Between 2021-2024 there were no identified performance issues, service disruption or customer downtime.
Managing Systemic Risks from Technology Disruptions Activity Metric (Software)	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	n/a	**Responsible Governance -** Our Risk Management Strategy See also 2024 20-F