Our contribution to limit climate change

Siltronic Climate Action Plan

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Contents

1. Our commitment to sustainability

Sustainability is part of our corporate DNA – for the benefit of people and the environment, as well as with a view to our profitability. With our sustainability activities, we want to help ensure that future generations have the same opportunities as we do today.

Our commitment to ethical business practices and sustainability is reflected in our Code of Conduct, which forms a binding framework for lawful and responsible action by our employees in their daily work.

2. Climate change – a global challenge

Siltronic acknowledges that climate change represents one of the most significant challenges of our time, with far-reaching consequences for both the environment and human societies. Rising global temperatures, caused primarily by human activities such as the burning of fossil fuels and deforestation, are leading to more frequent and severe weather events, sea-level rise, and disruptions to ecosystems. These environmental changes, in turn, threaten biodiversity, agriculture, water resources, human health, social welfare and economic growth, disproportionately affecting vulnerable populations. On top, the growing world population is expected to significantly increase energy consumption and therefore CO_2 emissions.

Against this background, we are aware that reducing CO_2 emissions and increasing energy efficiency are of the utmost importance to society. Especially the availability of renewable energy in a sufficient amount is key to a transition to a carbon free economy.

The semiconductor industry is widely perceived as an industry with significant environmental impact, primarily due to its high energy consumption, which – as long as this energy stems from fossil sources – is associated with the emission of greenhouse gases.

At the same time, the semiconductor industry can contribute to mitigating those challenges, for example by providing solutions that enable the distribution of renewable energy in the energy grids.

Siltronic, being part of this industry, is dedicated to make a contribution to limit climate change within its sphere of influence. Therefore, we have adapted our business strategy and established ambitious targets aimed at contributing to climate protection.

3. Decision making on climate-related topics

Responsibility for climate-related topics lies at the highest level: The Siltronic Executive Board reviews the climate strategy and progress against targets in regular sustainability meetings. The CFO, who is also responsible for sustainability, is accountable for Siltronic's climate strategy. Our central Corporate Responsibility function coordinates climate-related activities worldwide, working alongside other departments within Siltronic to integrate climate-relevant factors into their standard procedures and decision-making processes. The Head of Corporate Responsibility reports directly to the CFO. Additionally, Siltronic's climate strategy is a standard topic in meetings of Siltronic's Supervisory Board.

The Executive Board as well as senior management are incentivized to reach our climate targets through a key performance indicator. This indicator has targets set both annually and for the year 2030.

The KPI is regularly monitored, and major actions and investments, along with their corresponding budgets, are planned, approved, and reviewed in quarterly meetings of the Executive Board. In this context, we also apply an internal pricing system for CO_2, which we use for an initial assessment of climate-relevant measures.

4. Evaluating risks, opportunities and impacts

We identify and assess environmental risks and opportunities as part of our overall risk management strategy and system. Additionally, risks, opportunities and impacts with a special focus on sustainability are being evaluated through a regular materiality analysis which is interconnected with the risk management system. This analysis is conducted in accordance with the European Sustainability Reporting Standards (ESRS), which are mandatory under the Corporate Sustainability Reporting Directive (CSRD) of the European Union. Climate change was identified as one of the material topics, with greenhouse gas emissions, energy consumption, and products contributing to limit climate change being the main drivers for Siltronic.

Main opportunities identified with regards to climate change are an increased demand for products with benefits for climate protection as well as cost savings that can be realized from increased energy efficiency. At the same time, increased energy costs due to carbon market mechanisms were identified as the main risk associated with climate change for Siltronic.

Within our risk and materiality assessments we consider the interdependencies between climate change and other environmental issues, especially with water, which represents another material sustainability topic for Siltronic. Through our efforts to limit global warming, we strive to minimize consequences in those interconnected areas as well. Sensitivity analyses are conducted to challenge our climate strategy further.

5. Products and technologies that contribute to limit global warming

Siltronic's goal is to disproportionately increase the share of two categories of wafer types that have the potential to contribute to limiting global warming when incorporated in our customers' products:

1. Wafers suited for smaller transistors and shorter conductor tracks that increase the chip's energy efficiency: the new chip operates with more power than its predecessor while requiring less energy. More computing power can thus be realized per watt. As of today, slightly more than half of our sales are accounted for by these types of wafers.
2. Wafers used in power semiconductors play a decisive role in the global energy transition as they enable energy from renewable sources to be efficiently converted, controlled, and distributed across various applications. They are also a crucial component in electric vehicles. Currently, almost one third of our sales relate to wafers used for power semiconductors.

To this end we spend more than 5 percent of our sales volume on research and development each year. The vast majority of these costs are attributable to the two wafer types mentioned above. Additionally, we invest a two- to three-digit million-euro amount in new machines every year. Only with state-of-the-art machines is it possible to produce technologically leading wafer types.

6. Greenhouse gas emissions caused along the value chain

Siltronic's processes cause direct and indirect greenhouse gas emissions. Emissions are also generated in the upstream and downstream value chain.

- Scope 1: Direct greenhouse gas emissions at our locations are mainly caused by the stationary combustion of natural gas and diesel as well as the use of climate-relevant gases as coolants.
- Scope 2: Indirect emissions are caused by the generation and provision of energy (electricity, heat) by our energy suppliers. The semiconductor industry is highly energy intensive. Therefore, indirect emissions are by far the main source of greenhouse gas emissions during production for Siltronic.
- Scope 3: Emissions also occur in Siltronic's upstream and downstream value chain: at suppliers, during transportation of supplies and of our products, as well as during their use and end-of-life treatment. Siltronic can only influence these emissions to a limited extent.

We record these emissions in our Group-wide CO_2 balance sheet in accordance with the requirements of the Greenhouse Gas Protocol. We use the latest emission factors from our energy suppliers, the IEA, DEFRA and the IPCC report to calculate greenhouse gas emissions.

7. Reducing scope 1 and 2 greenhouse gas emissions

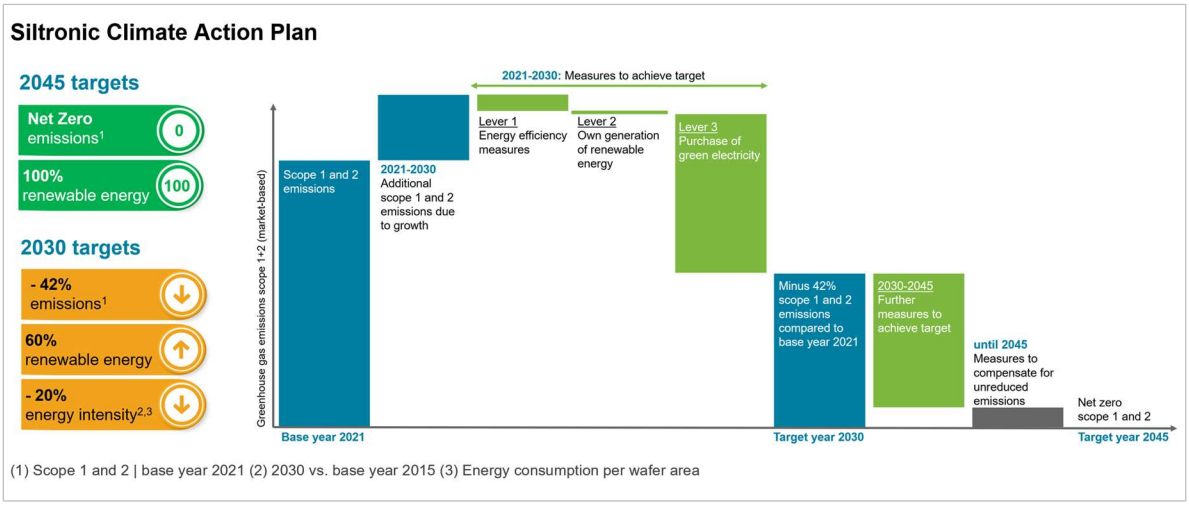
We aim to reduce our greenhouse gas emissions caused directly (scope 1) and indirectly through the purchase of energy (scope 2) to zero by 2045 at the latest. Despite continued growth and the associated significant increase in energy consumption, these greenhouse gas emissions are to be reduced by an absolute 42 percent by 2030 compared to the base year 2021.

With these targets, we want to make a contribution to the climate agreement adopted in Paris in 2015 to limit global warming to a maximum of 1.5 degrees Celsius: The 1.5-degree target is the central reference point for Siltronic for the target years 2030 and 2045. To achieve this, the CO_2 intensity, measured by CO_2 emissions in relation to sales, should decrease by an average of at least 5 percent per year between 2021 and 2030.

Our activities to reduce these emissions focus on increasing the efficiency of energy use and purchasing renewable energies:

- Lever 1 – energy efficiency: Increasing energy efficiency and the associated reduction in emissions have always been a core element of our corporate strategy. To this end, Siltronic has set itself the strategic target of achieving an average reduction in specific energy consumption of 1.5 percent per year (base year 2015). We are also continuously working on more effective use and substitution with gases that have a lower greenhouse effect.
- Lever 2 – generation of renewable energy: Siltronic installed a photovoltaic system at its US site in Portland in 2024. Further opportunities are evaluated on a continuous basis.
- Lever 3 – procurement of renewable energy: The purchase of electricity from renewable energy sources via power purchase agreement (PPA) or market instruments such as green electricity certificates with guarantees of origin will play an even greater role in achieving the climate targets in the coming years: Siltronic is committed to gradually increasing the proportion of renewable energy to 60 percent by 2030 and to 100 percent by 2045 - in line with RE100. We thereby commit to cease any spend on energy from fossil resources by 2045.

Extraction of CO_2 from the ambient air or through reforestation projects will not initially be used at Siltronic. From 2045 at the latest, when the potential for reducing Scope 1 and 2 emissions has been largely exhausted, these measures will be considered in order to achieve our net-zero target.



8. Reducing scope 3 greenhouse gas emissions

Regarding our scope 3 emissions, we expect that the ongoing global decarbonization will also reduce greenhouse gas emissions along our products' value chain and we support this process within our sphere of influence. However, we cannot be certain that this will align with the ambitions set out in the Paris Climate Agreement, and we face limitations in influencing this:

- Upstream value chain: We do not have full transparency on our sub-tier suppliers and therefore cannot engage with them directly.
- Downstream value chain: While our major customers are actively setting ambitious climate targets and engaging in climate protection, our influence over them is limited.

We collaborate with our partners to reduce our industry's carbon footprint:

We are cooperating with our suppliers with regard to the scope 3 emissions caused in the value chain. Siltronic's goal is for 80 percent of our key suppliers to have set themselves science-based climate targets by 2030 and 95 percent by 2045 and for us to report annually on their achievement. By 2028 we want to reach 75 percent as the first milestone. Those targets cover more than 50 percent of the purchasing volume as well as 80 percent of the scope 3 emissions in the category of purchased goods and services. With this supplier engagement target, we are focusing on the part of scope 3 emissions that we can best influence.

With our main customers, we are in constant dialogue to ensure our joint climate initiatives align and support each other's climate targets.

9. Collective action and policy engagement

We collaborate with partners both within and beyond our industry to advocate for a climate-friendly, fossil-free future. Through these partnerships, we aim to drive collective action toward climate protection.

- UN Global Compact: Siltronic has been a participant in the UN Global Compact since 2017, thus Siltronic implements the ten principles of the United Nations´ Global Compact initiative to protect human rights, social and environmental standards and the fight against corruption. With our climate action plan we support the UN Global Compact's principles 7 and 8 on environmental protection and contribute to goal nr. 13 on climate action of the UN Sustainable Development Goals.
- RE100: Siltronic is a member of RE100, a global corporate initiative that promotes the exclusive use of renewable energies. With its membership, Siltronic is committed to contributing to global decarbonization. As part of its membership of RE100, Siltronic has committed to gradually increasing the proportion of renewable energy to 60 percent by 2030 and to 100 percent by 2045.
- RBA: Siltronic is a member of the Initiative Responsible Business Alliance (RBA) since 2019 and, as a supplier to the electronics industry, is guided by the RBA Code of Conduct, through which leading companies in the electronics industry worldwide promote a sense of social and environmental responsibility (including greenhouse gas emissions reduction) and ethical business practices.

Through regular participation in workshops organized by those organizations we ensure that the position of the organizations – including their engagement with policy makers – is consistent with our climate strategy and commitments.

10. Financial aspects and restrictions

For the implementation of our climate action plan we have defined a fixed annual budget for energy efficiency measures as well as a foreseen budget for measures to increase our share of renewable energy.

The actual cost of realizing the climate plan mainly depends on two factors. Firstly, the speed with which electricity from renewable energy sources will be available for our production sites in the coming years is a decisive factor. Secondly, the future price of eligible green electricity certificates is significant.

Especially in Singapore, the availability of renewable energy from the state and from regional energy suppliers is still in its early stages. If this development is much slower than we expect in the coming years, there is a risk that we will be late in meeting the targets set out in the Climate Action Plan. It is also possible that meeting the targets will exceed the expected costs.

Our business model is not subject to 'locked-in" effects that would hinder progress toward our climate goals.

11. Updates, feedback and transparency

Our climate action plan is continuously evaluated against stakeholder expectations as well as legal requirements, and prevailing standards. We adapt our climate action plan as necessary to ensure it remains effective and compliant with evolving expectations and regulations. The most recent version of this climate action plan is published under www.siltronic.com/en/sustainability/environment/climate-protection.

We report on our greenhouse gas emissions, on our climate action plan as well as on the progress against our climate targets in our Annual Report under www.siltronic.com/en/investors/reports-and-presentations. The information provided in the Annual Report has been audited by an auditing company.

Contact details for submitting feedback on our climate action plan can be found under www.siltronic.com/en/investors/investor-relations-team-and-order-service.

Munich, September 2024

The Executive Board

Siltronic AG