



# WAFER

Innovation &  
Growth

**Compensation report**

Extract  
from the Annual Report 2021



# Compensation report

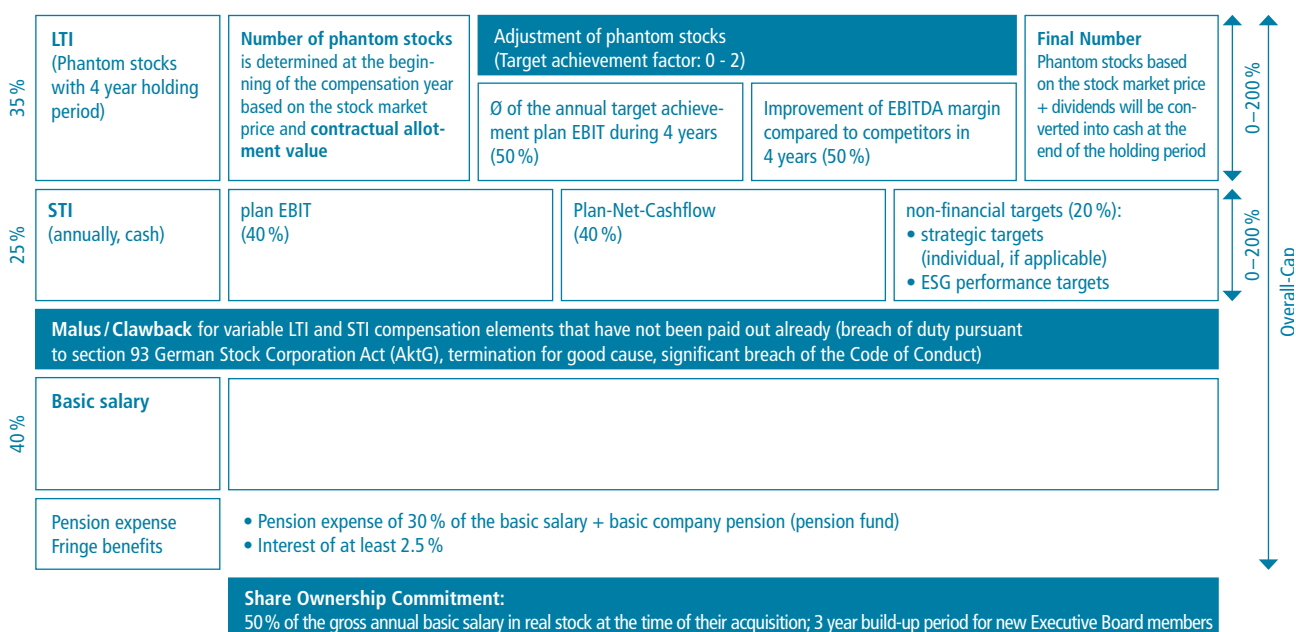
The following compensation report complies with the requirements of Section 162 of the German Stock Corporation Act (AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II). Due to the changed regulatory conditions, the compensation report was prepared jointly by the Executive Board and Supervisory Board and adopted by both bodies on March 8, 2022. The unqualified report on the audit is printed at the end of the compensation report. This compensation report will be submitted to the Annual General Meeting on May 5, 2022 for approval.

## Overview of Executive Board compensation system

A full description of the compensation system can be found in the invitation to the 2020 Annual General Meeting, which is available on our corporate website.

The compensation system contributes to furthering Siltronic AG's business strategy of sustainably consolidating its position as one of the leading manufacturers of semiconductor wafers by defending its technology position, expanding its capacity in line with market growth, and thereby generating profit and cash flow across all market cycles by continuously improving its cost position.

### Model compensation system



## Compensation 2021

### Important events in the compensation year 2021

Effective with the fiscal year 2021, the Supervisory Board had increased the basic salary of Rainer Irle from EUR 360,000 to EUR 390,000.

Against the background of the announced voluntary public tender offer by GlobalWafers, the share ownership commitment was adjusted by resolution of the Supervisory Board on December 9, 2020, so that the members of the Executive Board have the option to tender the shares held by them under the share ownership

commitment in the context of the tender offer. The Executive Board members made use of this option. However, they were obliged to continue to hold the shares in accordance with the previous rules until completion of the offer. As the tender offer was not completed by the long stop date of January 31, 2022 due to the lack of approval under foreign trade law from the German Federal Ministry for Economic Affairs and Climate Action, the existing rule on the shareholding obligation for the Executive Board members will continue to apply unchanged.

The following graphic provides an overview of the main components of the compensation system, the targets set and their strategic relevance in the fiscal year 2021.

Main components of the compensation system

Component	Strategic Reference	Implementation
<b>Remuneration not linked to performance</b>		
Annual basic salary	Attraction/retention of qualified management personnel	<ul style="list-style-type: none"> <li>• CEO Dr. Christoph von Plotho: 550,000 EUR</li> <li>• CFO Rainer Irl: 390,000 EUR</li> <li>• fixed salary in 12 monthly instalments</li> </ul>
Fringe benefits	Granting of compensation at market rates and assumption of costs in connection with Executive Board activities	<ul style="list-style-type: none"> <li>• Commitment to assume costs or non-cash benefits, including for company car, D&amp;O insurance, criminal law protection and accident insurance, health care, legal fees and subsidies to build up a private pension plan</li> </ul>
Pension benefit	Adequate benefit as part of competitive remuneration	<ul style="list-style-type: none"> <li>• 30 % of the basic salary is added to a fictitious capital account and bears interest at 2.5 % to a maximum of 5 % + basic company pension (pension fund)</li> <li>• Pension cap: 50 % of the last monthly basic salary received before the insured even</li> </ul>
<b>Remuneration linked to performance</b>		
Annual bonus STI	Focusing on profitability and generating positive cash flow. Supporting the strategic development of the Company, which also includes social and environmental aspects.	<p><b>Financial KPIs:</b></p> <ul style="list-style-type: none"> <li>• plan EBIT (40 %)</li> <li>• Plan-Net-Cashflow (40 %)</li> </ul> <p><b>Non-financial KPIs</b></p> <ul style="list-style-type: none"> <li>• strategic target (10 %): project FabNext</li> <li>• ESG (10 %): <ul style="list-style-type: none"> <li>• work safety, silicon yield, energy consumption, water consumption, recycling</li> </ul> </li> </ul> <p><b>Cap: 200 %</b></p>
Long-term share-based compensation LTI	Strengthening the long-term sustainability and sustainable development of the Company	<ul style="list-style-type: none"> <li>• 4 year performance period for phantom stocks (stock market price + dividends)</li> <li>• KPIs for multiplication of the phantom stocks: <ul style="list-style-type: none"> <li>• Ø of the plan EBIT target achievement (50%)</li> <li>• EBITDA margin of the Company compared to the competitor market (50%)</li> </ul> </li> <li>• Cap: 200 %</li> </ul>
<b>Benefits in case of termination</b>		
Mutual termination	Avoidance of unreasonably high severance payments	<ul style="list-style-type: none"> <li>• Cap: compensation payment limited to remaining term, max. 2 years' compensation (in accordance with GCGC)</li> </ul>
Post-contractual non-competition clause	Knowhow protection, competitiveness	<ul style="list-style-type: none"> <li>• Compensation for waiting: 12 months in the amount of basic annual salary</li> </ul>
<b>Further regulations of the compensation system</b>		
Share Ownership	Alignment of interests of the Executive Board and shareholders	<ul style="list-style-type: none"> <li>• Shareholding obligation in the amount of 50 % of the annual basic salary (gross amount) in shares</li> <li>• Relevant date for current Executive Board members: Sept. 14, 2017</li> </ul>
Malus/Clawback	Sanctions/incentives against compliance violations	<ul style="list-style-type: none"> <li>• Payment amount for STI/LTI may be withheld: <ul style="list-style-type: none"> <li>• good cause pursuant to section 93 of the German Stock Corporation Act (AktG)</li> <li>• significant breach of the Code of Conduct</li> </ul> </li> </ul>
Max. remuneration	Avoidance of unreasonably high payouts	<ul style="list-style-type: none"> <li>• CEO EUR 2,450,000</li> <li>• Executive Board member EUR 1,810,000</li> </ul>

## Determination of the target compensation and maximum compensation for 2021

Based on the compensation system, the Supervisory Board has set the following specific target compensation for the fiscal year 2021 upon recommendation of the Executive Committee of the Supervisory Board.

	Dr. Christoph von Plotho, CEO				Rainer Irle, CFO			
	2021				2021			
	Target	in %	Minimum	Maximum	Target	in %	Minimum	Maximum
<b>Basic salary</b>	<b>550,000</b>	<b>37%</b>	<b>550,000</b>	<b>550,000</b>	<b>390,000</b>	<b>33%</b>	<b>390,000</b>	<b>390,000</b>
<b>Short term variable compensation</b>								
STI for 2021	343,750	23	0	687,500	243,750	20	0	487,500
<b>Long term variable compensation</b>								
LTI 2021-2024	481,250	33	0	962,500	341,250	28	0	682,500
<b>Target compensation</b>	<b>1,375,000</b>	<b>93</b>		<b>2,200,000</b>	<b>975,000</b>	<b>81</b>		<b>1,560,000</b>
Fringe benefits	30,000	2			30,000	3		
Pension expense (service cost)	68,111	5			194,455	16		
<b>Total target compensation</b>	<b>1,473,111</b>	<b>100</b>		<b>2,450,000</b>	<b>1,199,455</b>	<b>100</b>		<b>1,810,000</b>

In addition to the caps for the individual variable compensation components (STI: 200 percent, LTI: 200 percent), the Supervisory Board has, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), set a binding maximum compensation in the compensation system that comprises all compensation amounts paid for a given fiscal year (annual basic salary, variable compensation components, pension expenses or service costs, and fringe benefits). The maximum compensation for the fiscal year 2021 for the CEO Dr. Christoph von Plotho is EUR 2,450,000 and for the CFO Rainer Irle is EUR 1,810,000. The final inflow for the fiscal year 2021 can only be determined after the expiry of the four year holding period for the phantom stocks of the LTI at the beginning of the fiscal year 2025. If the total compensation determined thereafter for the fiscal year 2021 exceeds the defined maximum compensation, the cash settlement of the LTI for the fiscal year 2021 will be reduced accordingly.

### Procedures for establishing, implementing and reviewing the appropriateness of the compensation system

Based on a proposal by the Executive Committee of the Supervisory Board, the Supervisory Board determines the system and the amount of the Executive Board compensation, including the maximum compensation. The Supervisory Board submits the resolved compensation system to the Annual General Meeting for approval.

The Supervisory Board regularly reviews the system and the level of the Executive Board compensation for appropriateness. To this end, it conducts an annual vertical comparison of the Executive Board compensation. In doing so, it considers the basic and target compensation in relation to the comparative groups of management and other employees. Secondly, the level and structure of the compensation is compared with a peer group of German listed companies defined by the Supervisory Board, which have similar key figures and whose composition is published (horizontal comparison). For the formation of this peer group, it was not possible to draw on the wafer competitors, as they only publish insufficient compensation information and are not listed in Europe. The Supervisory Board therefore formed a peer group of German listed companies that are listed in the MDAX, TecDAX or SDAX and have similar key figures. This includes Carl Zeiss Meditec AG, Fuchs Petrolub SE, Gerresheimer AG, Jenoptik AG and Sartorius AG.

In case of significant changes, but at least every four years, the compensation system is again submitted to the Annual General Meeting for approval.

The system and the level of the Executive Board compensation are determined by the full Supervisory Board on the basis of a proposal by the Executive Committee of the Supervisory Board and regularly reviewed for appropriateness. The compensation system for the Executive Board was last adjusted for the fiscal year 2020. It was approved by the Annual General Meeting on June 26, 2020 with 98.84 percent of the votes cast.

## Fixed compensation components

### Basic annual salary

The basic annual salary is a fixed cash payment for the entire year, based on the respective Executive Board member's area of responsibility. In 2021, Dr. Christoph von Plotho received a basic annual salary of EUR 550,000 and Rainer Irle received a basic annual salary of EUR 390,000, each of which was paid in twelve monthly installments.

### Company pension scheme

Executive Board members are initially entitled to a basic Company pension through the Wacker Chemie VVaG pension fund. For this purpose, the Company and the Executive Board make monthly contributions to the pension fund.

In addition, Dr. Christoph von Plotho is entitled to a supplementary Company pension from the Company up to and including the fiscal year 2021 as follows:

The agreed basic annual salary is regarded as pensionable income. The benefits from this supplementary company pension plan consist of retirement pensions, early retirement pensions, disability pensions and surviving dependents' pensions. The pension expense for a fiscal year is 15 percent (above 150 percent of the applicable contribution assessment ceiling for statutory pension insurance) or 12.25 percent of the basic annual salary (between 100 and 150 percent of the contribution assessment ceiling). The pension expense forms the assessment basis for the amount of the pension benefit. The pension benefit payable annually after the occurrence of the insured event amounts to 18 percent of the total pension expense provided by the Company up to that point. Entitlement to a pension arises when the service contract is terminated, but not before the employee reaches the age of 65, or if the employee becomes incapacitated for work.

Deviating from the above, the following applies to entitlements acquired following the new appointment of members of the

Executive Board and for Dr. Christoph von Plotho after January 1, 2022 and for Rainer Irle after January 1, 2021:

The Company provides a pension expense of 30 percent of the basic annual salary each year. The pension expenses saved up to the time of retirement are credited to a notional capital account and bear interest at the current yield, but at a minimum of 2.5 percent and a maximum of 5 percent. The pension is calculated by multiplying this pension capital according to the status of the corresponding capital account at the time of the occurrence of the pension case by the pension factor applicable to the respective retirement age of the Executive Board member at the time of the occurrence of the pension case. Alternatively, in the event of a pension being payable, the member of the Executive Board can choose a lump-sum payment instead of the promised lifelong retirement and disability pension, which corresponds to the pension capital at the time of the pension payment.

The gross amount of the monthly pension to be paid after retirement (based on the employer-financed portion) is limited for the members of the Executive Board to 50 percent of the monthly installment of the basic annual salary last received by the respective Executive Board member from the Company (pension cap).

Members of the Executive Board who have been promised deferred compensation in the past may continue to receive this compensation to the same extent as before.

The current members of the Executive Board receive an additional monthly amount (gross) from the Company in the amount of the employer's contribution to the statutory pension scheme as a building block for building up a private pension scheme. Such a component will no longer be granted in the event of future appointments of new Executive Board members.

The following overview shows the pension expense and the present value of the defined benefit obligations for fiscal year 2021.

EUR	Benefit obligations		Pension expense	
	2021	2020	2021	2020
Dr. Christoph von Plotho	2,985,634	2,905,485	89,838	94,590
Rainer Irle	2,596,909	2,681,427	237,133	190,098

As of December 31, 2021, the pension obligations for former members of the Executive Board and their surviving dependents amounted to EUR 7,291,057 and received remuneration of EUR 287,436.

### Fringe Benefits

As a fringe benefit by the Company, the members of the Executive Board have a company car at their disposal, also for private use. The members of the Executive Board also receive a subsidy for health and long-term care insurance as well as costs in connection with a medical check-up. The fringe benefits also include legal fees to be reimbursed and the above-mentioned subsidies for building up a private pension or the non-cash benefit of the aforementioned benefits.

### Insurance

In addition, there is a D&O insurance policy with a deductible in accordance with the requirements of the German Stock Corporation Act (AktG) amounting to 10 percent of the damage up to one and a half times the basic annual salary. In addition, the members of the Executive Board are included in the criminal legal expenses insurance that the Company has taken out for its employees and members of its executive bodies. This insurance covers any lawyers' and court costs incurred in the defense in criminal or misdemeanor proceedings. In addition, the members of the Executive Board are included in an accident insurance policy for accidents on and off the job.

## Variable compensation components

### Performance related bonus

The STI is a performance-related bonus with a one-year assessment period. The basis for the STI is the achievement of the performance targets set by the Supervisory Board for each fiscal year at the beginning of the fiscal year. The performance targets consist of financial targets and non-financial targets relevant to the Company. Unless otherwise specified, the financial targets relate to the performance categories 'plan EBIT' (40 percent) and 'plan net cash flow' (40 percent).

The performance criteria further the long-term development of the Company as follows:

The performance criterion 'plan EBIT' sets incentives to strengthen the Company's operating earning power. EBIT measures earnings before interest and taxes. With regard to the tax relief from which the Singapore subsidiary benefits for its investments, it makes sense to choose a ratio that excludes local taxation and the financial structure of the Company. Furthermore, the key figure EBIT takes depreciation and amortization into account and – against the background of the capital intensity of the semiconductor sector – only promotes investments that achieve an appropriate return on capital employed.

The performance criterion 'plan net cash flow' is based on one of the key financial control parameters used to manage the Company. The net cash flow shows whether the necessary investments in property, plant and equipment and intangible assets can be financed from the Company's own operating activities. In addition to profitability, the main influencing factors are effective management of net working capital and the level of capital expenditure. Net working capital is the sum of inventories and trade receivables plus contract assets less trade payables. A positive net cash flow is particularly important in a cyclical industry. Influencing factors for this performance category are in particular cost performance, good working capital management and an appropriate investment policy. On the other hand, inflows and outflows of customer and supplier prepayments are not considered, unless they relate to investments in property, plant and equipment and intangible assets.

The non-financial targets relate to strategic targets (10 percent as well as targets related to environment, social and prudent corporate management (governance) – so called ESG targets – (10 percent in total).

### STI 2021

Various milestones for the FabNext project were agreed as strategic goals, which include a feasibility study and project planning for a second factory at the Group site in Singapore. The Supervisory Board approved the project at its meeting on July 27, 2021. The Supervisory Board waived individualization of the strategic objective for the Executive Board members, which is possible under the compensation system, in order to take account of the collective responsibility of the Executive Board as a body for the important FabNext project.

The quantitative ESG targets set by the Supervisory Board (10 percent) comprise key figures for the avoidance of occupational accidents (measured on the basis of lost-time accidents per million hours worked), the efficient use of silicon in wafer production (measured on the basis of silicon yields), the reduction of consumption of energy and water (per cm<sup>2</sup> of wafer area), and the recycling rate, which add up to an ESG performance index.

In line with the compensation system, the targets set and the levels of target achievement are published ex-post, provided they do not contain any confidential or competition-relevant information, in order to further increase the transparency of Executive Board compensation. The target setting and target achievement in the bonus (STI) applicable for fiscal year 2021 are shown in the table below. The targets for the financial performance criteria were significantly exceeded. For the measurement of the target achievement, the respective unplanned and earnings-increasing effects from the (not completed) public tender offer by GlobalWafers GmbH and from the write-up of a building are not taken into account. This reduces the actual value for the relevant

EBIT target by EUR 20 million compared to the reported value. In the target measurement of the performance category net cash flow, the unplanned liquidity-improving effect of the non-completed tender offer on cash flow was reduced on the one hand; on the other hand, the target measurement did not take into account payments for invoices relating to investments in

property, plant and equipment and intangible assets that were not included in the planned value. The background to this is the decision taken in July 2021 to build a further 300mm fab at the Group site in Singapore and investments in Freiberg. In total, this will increase net cash flow by EUR 161 million compared with the reported figure.

	Target value in EUR million	Zielkorridor in EUR million	Ist-Wert in EUR million	Target achievement in percent	Weighting in percent
<b>Financial targets</b>					
plan EBIT	213	117 – 306	297	1.90	40
Plan-Net-Cashflow	90	11 – 169	163	1.92	40
<b>Non-financial targets</b>					
Strategic target (project FabNext)	Contains competition-relevant information (confidential)			1.77	10
ESG performance index				0.53	10
<b>Total STI</b>				<b>1.76</b>	<b>100</b>

### Long-term share-based compensation: LTI

The LTI is designed as a share-based performance share plan with a four-year performance period or holding period for the phantom stocks (performance shares) and is based on economic indicators that take into account the long-term sustainability of the Company.

#### LTI share-based compensation

<b>Number of phantom stocks</b> is determined at the beginning of the compensation year based on the stock market price and <b>contractual allotment value</b>	<b>Adjustment of phantom stocks</b> (Target achievement factor: 0 - 2)		<b>Final Number</b> Phantom stocks based on the stock market price + dividends will be converted into cash at the end of the holding period
	Ø of the annual target achievement plan EBIT during 4 years (50 %)	Improvement of EBITDA margin compared to competitors in 4 years (50 %)	

The allotment value agreed in the service contract is initially converted into granted phantom stocks on the basis of the average weighted closing price of the share of the XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last 30 trading days prior to the first day of the compensation year. The phantom stocks are held for a period of four years, calculated from the beginning of the compensation year. The basis for the LTI and the final number of phantom stocks is the achievement of the targets set by the Supervisory Board for each performance period. For each performance period, the performance targets are set by the Supervisory Board at the beginning of the performance period.

The performance targets for the LTI 2021 relate to the performance categories EBITDA margin improvement/deterioration compared with competitors over the performance period and average of the Company's annual planned EBIT target achievement over the four-year performance period and promote the Company's long-term development as follows:

For the overall target achievement factor, a 50 percent change in the Company's EBITDA margin in comparison with competitors over the performance period is relevant, i.e. in comparison with important wafer manufacturers (currently ShinEtsu Electronic Materials, SUMCO, GlobalWafers and SK Siltron). The EBITDA margin is defined as earnings before interest, taxes, depreciation and amortization, including impairment losses and, where applicable, reversals of impairment losses. It is one of the Siltronic Group's financial control parameters for measuring profitability in comparison with competitors. With this performance criterion, the Supervisory Board would like to create incentives for a performance that is demanding by industry standards. To determine the EBITDA development, the Supervisory Board sets a target value, a maximum value and a minimum value for the performance category EBITDA margin improvement/deterioration. To determine the EBITDA development, the Supervisory Board first determines the average EBITDA margin of the four reported quarters preceding the four-year performance period for the Company and for each peer company and compares it with the average EBITDA margin of the four reported quarters prior to the end of the performance period. In the second step, the EBITDA development thus determined is used to determine the percentage by which the EBITDA margin has improved or deteriorated for the Company and for each comparable company; the average is then calculated for the

comparable companies. The third step is to determine by what percentage the Company's EBITDA margin deviates from the average EBITDA margin change of the peer companies. Based on the percentage determined, the achievement of the objectives is calculated in a fourth step.

A further 50 percent of the overall target achievement factor is based on the average Company performance over the four-year performance period, i.e. the average of the annual plan EBIT target

achievement of the Company over the four-year performance period. The definition of objectives and the measurement of target achievement follows the STI's plan EBIT target. The setting of the target and the measurement of target achievement follow the STI's plan EBIT target. This indicator takes into account depreciation and amortization and – against the background of the capital intensity of the semiconductor sector – only promotes investments that generate an appropriate return on capital employed.

EUR	Target (100%)	Weighted Share price	number of phantom shares (preliminary)
Dr. Christoph von Plotho	481,250	121.61	3,957
Rainer Irle	341,250	121.61	2,806

The specific targets and target achievement (including the final number of phantom stocks) for the LTI tranche 2021 will be published in the Annual Report 2025 after the end of the four-year performance period.

### Review of the maximum amounts for total compensation in 2019

In March 2022, the LTI 2018/2019, which was granted until the end of the fiscal year 2021 under the compensation system in place until 2019, was fixed. Under the old compensation system, 51 percent of the bonus base linked to a two-year assessment basis was converted into phantom stocks and paid out in cash

after a two-year holding period without performance factor. The relevant weighted average Xetra price of the Siltronic share on the last 30 trading days of the fiscal year 2021 was EUR 135.97 plus the dividends paid in 2020 and 2021 totaling EUR 5 per share.

Against the background of the 2018/2019 – 2021 LTI tranche, a review was also carried out regarding the compliance with the maximum compensation limits for the fiscal year 2019 in which the tranche was committed. The maximum amounts were not exceeded for any Executive Board member. The final amount is shown in the overview below:

Payment	Tranche	Number of phantom stocks	Xetra price last 30 days 2021 in EUR	Dividends (2020 + 2021)	Payment tranche 2018/2019 – 2021
Dr. Christoph von Plotho	2018/2019 – 2021	3,809	135.97	5.00	536,955
Rainer Irle	2018/2019 – 2021	2,493	135.97	5.00	351,438

### Additional disclosures on share-based compensation instruments in the fiscal year 2021

The following overview shows the development of the portfolio of phantom stocks of the tranches not yet disbursed.

Portfolio	Tranche	Calculated LTI at the beginning of the performance period in EUR	Number of phantom stocks at the time of granting	Number of phantom stocks (preliminary) 31.12.2021	Value on the reporting date 31.12.2021 in EUR
Dr. Christoph von Plotho	2020 – 2023	481,250	5,887	6,816	773,609
	2021 – 2024	481,250	3,957	4,262	519,815
Rainer Irle	2020 – 2023	315,000	3,853	4,461	506,319
	2021 – 2024	341,250	2,806	3,022	368,579



### Option to reclaim (clawback / malus)

The Supervisory Board may reduce the amount paid out under the STI and the LTI by up to 100 percent upon termination of the Executive Board member's service contract due to termination by the Company for good cause, in the event of a breach of duty within the meaning of Section 93 of the German Stock Corporation Act (AktG) or a material breach of the Company's Code of Conduct by the Executive Board member during the assessment period – in case of the STI during the relevant one-year assessment period or, in case of the LTI during the relevant four year assessment period in each case. The reduction of the amount paid out is at the dutiful discretion of the Supervisory Board.

In the fiscal year 2021, the Supervisory Board did not make use of the option to reduce variable compensation.

### Share ownership commitment

In addition to the LTI as a share-based performance share plan with a four-year performance period, the share ownership commitment for the Executive Board is another key component of the compensation system. The members of the Executive Board are obliged to acquire shares amounting to 50 percent of a basic annual salary (gross amount) and to hold these shares for the duration of their appointment to the Executive Board. The value of the shares at the time of acquisition is decisive. The current members of the Executive Board, Dr. von Plotho and Mr. Irle, fulfil this share retention obligation by means of the shares held by them at the time of the conclusion of their service contract in March 2020, based on the value of the shares at the time of the first creation of a share retention obligation on September 14, 2017. In addition to the LTI, the share retention obligation provides an additional incentive for the long-term development of the enterprise value beyond the respective four-year performance period.

Because of the announced voluntary public tender offer by GlobalWafers, the share ownership commitment was adjusted by resolution of the Supervisory Board on December 9, 2020. The members of the Executive Board have now the option to tender the shares held by them under the share ownership commitment as part of the tender offer. The members of the Executive Board made use of this option. However, there was an obligation to continue to hold the shares in accordance with the previous rules until the offer is completed. As the tender offer was not completed by the long stop date of January 31, 2022 due to the lack of approval under foreign trade law from the German Federal Ministry of Economic Affairs and Climate Action, the existing shareholding obligation provision will continue to apply unchanged.

### Loans and advances

No loans or advances are granted to members of the Executive Board.

### Commitments in connection with the termination of the activity as members of the Executive Board

In the event of premature termination of the service agreement, any payments to be agreed, including fringe benefits, may not exceed the value of two years' compensation and may not exceed the value of the compensation for the remaining term of the service agreement within the meaning of recommendation G.13 of the German Corporate Governance Code (GCGC) (severance payment cap). In the event of premature termination by the Company for good cause, severance pay is excluded.

The members of the Executive Board are each subject to a post-contractual non-competition obligation for a period of twelve months after termination of their service contracts. During this period, they are entitled to a waiting allowance amounting to 100 percent of the last annual basic salary received. Any benefits paid under the Company pension scheme and any income earned from activities not covered by the waiting period obligation are offset against the waiting period compensation if this additional income exceeds the total annual compensation (the amount paid out is decisive) of the last full year of service as a member of the Executive Board. If the Company pays a compensation for waiting periods, the severance payment will be credited against the compensation for waiting periods.

If the service relationship ends for any other reason than as a result of termination by the Company for good cause, the entitlement to the STI and the LTI remains subject to the general contractual provisions on settlement and payment.

### Compensation granted and owed in 2021

The following table shows the compensation granted and owed individually to members of the Executive Board in accordance with Section 162 (1) sentence 1 of the German Stock Corporation (AktG). According to the pronouncements of the IDW, it is permissible and appropriate for the disclosure pursuant to Section 162 (1) sentence 2 of the German Stock Corporation (AktG) to disclose the compensation components in the fiscal year in which the activity on which the compensation is based (one or more years) was fully performed, even if the actual payment or inflow does not occur until after the end of the fiscal year. Accordingly, the table contains all amounts that were earned in the reporting period ("vesting principle"). Accordingly, the variable compensation to

be reported for the fiscal year includes, in addition to the fixed compensation components paid out in the fiscal year (basic salary and fringe benefits), the variable compensation STI earned for the fiscal year 2021 and the LTI tranche 2021 - 2024. However, in

accordance with IDW pronouncements, the addition to provisions for the pension obligation is not recognized as compensation granted and owed but is recognized separately as pension expense in section 'company pension scheme.

Current Executive Board Members	Fixed Components			Variable Components			Total Compensation	Fixed	Variable
	Fixed Salary in EUR	Fringe Benefits in EUR	Total in EUR	STI 2021 in EUR	LTI 2021 – 2024 in EUR	Total in EUR			
							in EUR	in %	in %
Dr. Christoph von Plotho, CEO	550,000	35,557	<b>585,557</b>	605,000	519,815	<b>1,124,815</b>	<b>1,710,372</b>	34	66
Rainer Irle, CFO	390,000	30,506	<b>420,506</b>	429,000	368,579	<b>797,579</b>	<b>1,218,085</b>	35	65

No compensation within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation (AktG) was granted or owed to former members of the Executive Board in the fiscal year 2021. In accordance with Section 162 (5) of the German Stock Corporation (AktG), personal details are not disclosed for former mem-

bers of the Executive Board who left the Executive Board before December 31, 2011. A total of EUR 287,436 in benefits (pensions/retirement pay) which exclusively contains fixed components was paid to former members of the Executive Board who left before this date or their surviving dependents in the fiscal year 2021.

## Compensation of Supervisory Board members

The compensation of the members of the Supervisory Board of Siltronic AG is governed by the Articles of Association of Siltronic AG.

The Articles of Association provide for a fixed annual compensation of EUR 30,000 for the members of the Supervisory Board.

Due to the additional expense associated with exercising certain functions, the compensation for the Chairman of the Supervisory Board is multiplied by a factor of 3. The factor 2 applies to his Deputy and the chairperson of a committee and the compensation of members of committees is multiplied by a factor of 1.5. However, membership of the Conciliation Committee, which is required to be established by law, is not taken into account, i.e. membership of this committee does not lead to an increase in annual compensation. In addition, twin and multiple functions are not taken into account, so that the Chairman and Deputy Chairman do not receive any other factors for functions in committees and committee functions are only taken into account once for the members of the Supervisory Board.

When joining or leaving the Supervisory Board or a committee during the current year, the principle of pro rata temporis compensation of Supervisory Board members applies.

The members of the Supervisory Board also receive an attendance fee of EUR 2,500 per meeting for each physical meeting of the

full Supervisory Board and its committees in which they participate in person, up to a maximum of EUR 2,500 per calendar day. Members attending physical meetings by telephone, video conference, or voting in writing, will not receive a meeting attendance fee. For meetings held in the form of a telephone or video conference, participating members receive a reduced attendance fee of EUR 1,250.

The Company will also reimburse the members of the Supervisory Board for their necessary expenses upon proof of such expenses.

The Company provides Supervisory Board members with adequate insurance cover. In particular, the Company takes out a D&O insurance policy without deductible for the benefit of Supervisory Board members.

No advances or loans were granted to members of the Supervisory Board during the reporting year.

Pursuant to section 113 (3) of the German Stock Corporation Act (AktG), the Annual General Meeting must pass a resolution on the compensation of the members of the Supervisory Board at least every four years. The compensation system outlined above was approved by resolution of the Annual General Meeting on June 26, 2020 with a majority of 99.91 percent of the votes.

The presentation of Supervisory Board compensation also follows the vesting principle.

### Supervisory Board compensation in the fiscal year 2021

Supervisory Board member	Attendance fee 2021 in EUR	variable in %	Annual remuneration for 2021 in EUR <sup>3)</sup>	fixed in %	Total remuneration in EUR
Mandy Breyer <sup>2)</sup>	7,500	19%	31,684	81%	39,184
Prof. Dr. Gabi Dreo	7,500	20%	30,000	80%	37,500
Klaus-Peter Estermaier <sup>1)</sup>	7,500	20%	30,000	80%	37,500
Sieglinde Feist	7,500	20%	30,000	80%	37,500
Gebhard Fraunhofer <sup>2)</sup>	15,000	25%	45,000	75%	60,000
Dr. Hermann Gerlinger	8,750	13%	60,000	87%	68,750
Michael Hankel	8,750	16%	45,000	84%	53,750
Markus Hautmann <sup>2)</sup>	7,500	20%	30,000	80%	37,500
Johann Hautz <sup>2)</sup>	8,750	13%	60,000	87%	68,750
Bernd Jonas	15,000	20%	60,000	80%	75,000
Dr. Tobias Ohler	16,250	15%	90,000	85%	106,250
Lina Ohlmann <sup>2)</sup>	7,500	20%	30,000	80%	37,500

<sup>1)</sup> For the representative of the executive employees on the Supervisory Board, the regulations of the Verband angestellter Akademiker und leitender Angestellter der chemischen Industrie e. V. apply. (VAA).

<sup>2)</sup> These employee representatives on the Supervisory Board as well as the trade union representatives on the Supervisory Board have declared that their compensation will be paid to the Hans Böckler Foundation in accordance with the guidelines of the German Trade Union Federation.

<sup>3)</sup> Taking into account the applicable factors for specific functions.

## Multi-year overview

### Comparative presentation of compensation and earnings development

Pursuant to Section 162 (1) sentence 2 no. 2 of the German Stock Corporation Act (AktG), the following comparative presentation shows the annual change in the compensation granted and owed to current and former members of the Company's executive bodies, the Company's earnings performance and the average compensation of employees on a full-time equivalent basis. It is based on the average wages and salaries of Siltronic AG employees in Germany who were in active employment during the fiscal year (including persons in the active phase of partial retirement) and takes into account all collectively agreed and non-tariff salary levels up to senior management level. Employees who left the Company during the fiscal year were included on a pro rata basis. In addition to fixed elements (salary, collectively agreed and job-related bonuses, top-up amounts for partial retirement, overtime and standby allowances), the compensation includes fringe benefits (company car allowance and other non-cash benefits) and variable components (bonuses, profit-sharing schemes, special payments, one-time payments, annual payments, inventor's bonus, paid leave, etc.) to improve comparability with the compensation of the Executive Board. The accrual value was used for variable compensation that relates to the compensation year but is not paid out until after the end of the fiscal year. Temporary employees are not included in the population, as they are not employed by Siltronic AG under labor law. Persons who work for us during their training or studies (e.g. interns, doctoral students, trainees, working students, diploma students, etc.) are also excluded accordingly.

### Earnings performance

EUR million	2017	2018	Change in %	2019	Change in %	2020	Change in %	2021	Change in %
Revenue	1,177.3	1,456.7	23.7	1,270.4	-12.8	1,207.0	-5.0	1,405.4	16
EBITDA	353.1	589.3	66.9	408.7	-30.6	332.0	-18.8	466.4	40
Net income pursuant to the German Commercial Code (HGB)	138.1	169.5	22.7	58.5	-65.5	75.0	28.2	96.1	28

### Average compensation employees

EUR									
Employees in Germany	n.a.	n.a.	n.a.	n.a.	n.a.	75,575	n.a.	78,133	3

### Compensation Executive Board

EUR									
Dr. Christoph von Plotho	1,302,784	1,653,206	26,9	1,333,241	-19,4	1,679,382	26,0	1,710,372	2
Rainer Irle	901,789	1,071,786	18,9	881,654	-17,7	1,108,536	25,7	1,218,085	10

### Compensation Supervisory Board

EUR									
<b>Current Supervisory Board members</b>									
Mandy Breyer <sup>2)</sup> (since 04/2018)	n.a.	31,123	n.a.	40,000	29	38,750	-3	39,184	1
Prof. Dr. Gabi Dreo (since 04/2018)	n.a.	31,123	n.a.	40,000	29	38,750	-3	37,500	-3
Klaus-Peter Estermaier <sup>1)</sup> (since 04/2018)	n.a.	31,123	n.a.	40,000	29	41,250	3	37,500	-9
Sieglinde Feist (since 12/2014)	15,000	42,500	183	40,000	-6	41,250	3	37,500	-9
Gebhard Fraunhofer <sup>2)</sup> (since 01/2016)	40,000	60,562	51	65,000	7	63,750	-2	60,000	-6
Dr. Hermann Gerlinger (since 03/2011)	55,000	62,500	14	56,250	-10	73,750	31	68,750	-7
Michael Hankel (since 04/2018)	n.a.	31,123	n.a.	37,500	20	60,000	60	53,750	-10
Markus Hautmann (since 01/2021)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37,500	n.a.
Johann Hautz <sup>2)</sup> (since 04/2003)	80,000	71,250	-11	73,500	3	75,000	2	68,750	-8
Bernd Jonas (since 05/2015)	77,500	82,500	6	80,000	-3	78,500	-2	75,000	-4
Dr. Tobias Ohler (since 02/2013)	40,000	118,750	197	112,500	-5	111,250	-1	106,250	-4
Lina Ohlmann (since 01/2021)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37,500	n.a.

### Former Executive Board members

EUR									
Pension for former Executive Board members (retired before 2011)	213,317	217,617	2	221,253	2	262,373	19	287,436	10

In accordance with the transitional rule in Section 26j (2) sentence 2 of the Introductory Act to the Stock Corporation Act (EAGAktG), the average compensation of employees cannot be calculated retrospectively for previous years, which is why it is only stated

from 2020. For the fiscal years 2017 – 2019, the granting value pursuant to DRS 17 was used to determine the Executive Board compensation.

## Outlook for the fiscal year 2022

On November 22, 2021, Siltronic adopted a new climate strategy and joined the Science Based Targets Initiative. In this context, Siltronic has adopted climate targets based on the fiscal year 2021, according to which CO<sub>2</sub> emissions (Scope 1 and Scope 2) are to be reduced by 50 percent by 2030. It is planned to take the climate strategy into account in the ESG targets for Executive Board compensation in the target for the fiscal year 2022.

As part of the contract extension of Dr. Christoph von Plotho, the Supervisory Board resolved to increase his basic salary from EUR 550,000 to EUR 600,000 per year with effect from January 1, 2022. At the same time, the maximum compensation for the CEO is to be increased from EUR 2,450,000 gross to EUR 2,650,000 gross, subject to approval by the 2022 Annual General Meeting. Furthermore, the company pension scheme for Dr. Christoph von Plotho will be changed as described above.

Munich, March 8, 2022



Dr. Tobias Ohler  
Chairman of the Supervisory Board of Siltronic AG



Dr. Christoph von Plotho  
CEO



Rainer Irle  
CFO

## Auditor's Report

To Siltronic AG, Munich,

We have audited the accompanying compensation report of Siltronic AG, Munich, for the fiscal year from January 1, 2021 to December 31, 2021, including the related disclosures, which was prepared to comply with section 162 of the German Stock Corporation Act (AktG).

### Responsibility of the legal representatives and the Supervisory Board

The legal representatives and the Supervisory Board of Siltronic AG are responsible for the preparation of the compensation report, including the related disclosures, which complies with the requirements of section 162 of the German Stock Corporation Act (AktG). Management and the Supervisory Board are also responsible for the internal controls as they deem necessary to enable the preparation of the compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### Responsibility of the auditor

Our responsibility is to express an opinion on this compensation report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the compensation report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. This includes the assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report and related disclosures. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the compensation report and related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes

evaluating the accounting principles used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Audit Opinion

In our opinion, based on the findings of our audit, the compensation report for the fiscal year from January 1, 2021 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of section 162 of the German Stock Corporation Act (AktG).

### Other matters – formal audit of the compensation report

The substantive audit of the compensation report described in this audit opinion comprises the formal audit of the compensation report required by section 162 (3) of the German Stock Corporation Act (AktG), including the issuance of an opinion on this audit. As we express an unqualified opinion on the content of the compensation report, this opinion includes the conclusion that the disclosures pursuant to section 162 (1) and (2) 3 of the German Stock Corporation Act (AktG) have been made in all material respects in the compensation report.

### Note on limitation of liability

The engagement, in the performance of which we have rendered the aforementioned services for Siltronic AG, was based on the General Engagement Terms for German Public Auditors and Public Audit Firms as amended on January 1, 2017. By taking note of and using the information contained in this auditor's report, each recipient acknowledges having taken note of the provisions made therein (including the limitation of liability to EUR 4 million for negligence in clause 9 of the AAB) and recognizes their validity in relation to us.

Munich, March 8, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Hanshen  
Auditor

Ratkovic  
Auditor