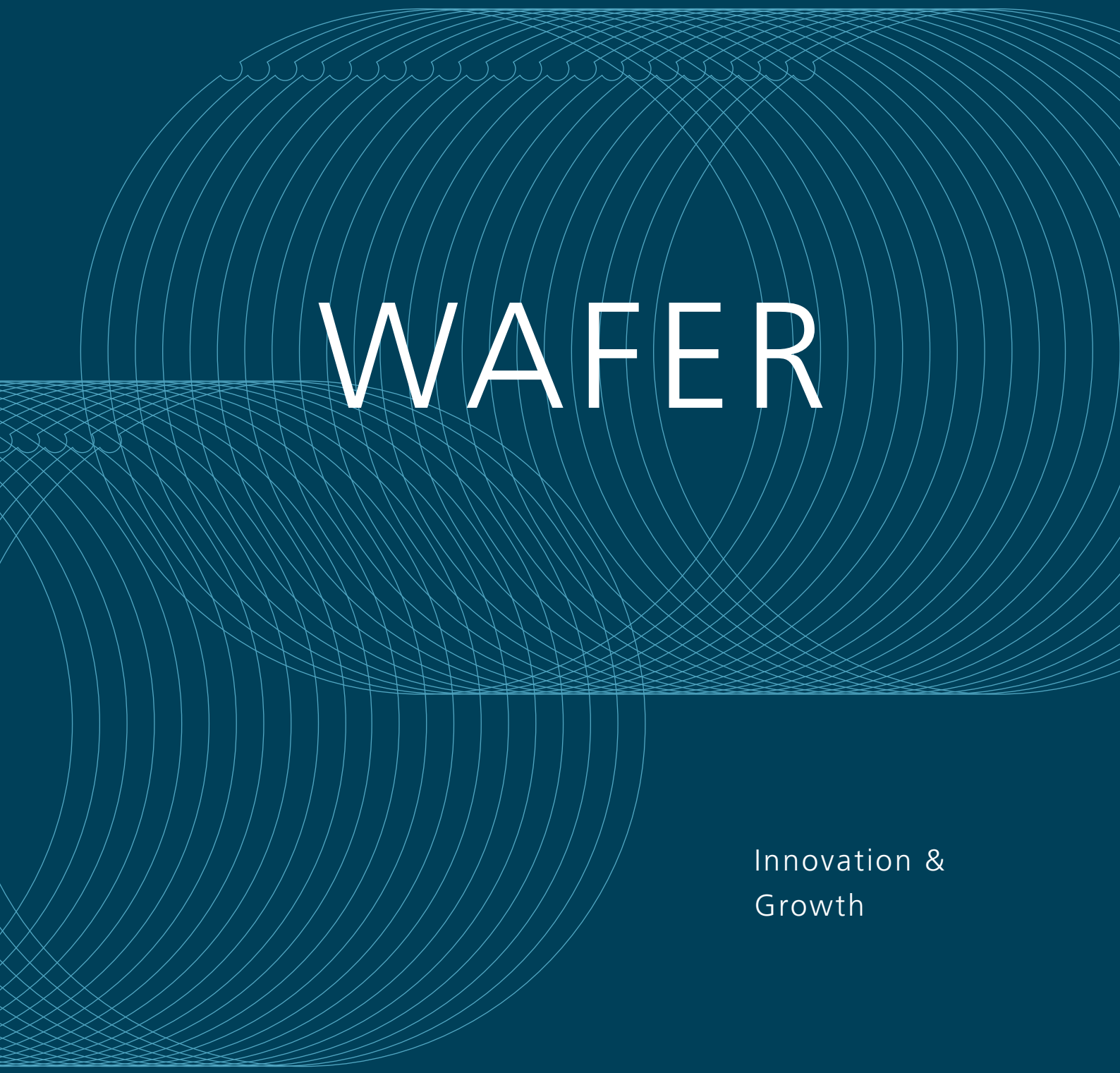

WAFER

Innovation &
Growth

Non-financial report

**Extract
from the Annual Report 2021**

siltronic

Non-financial report 2021 issued by Siltronic AG, Munich

(Implementation of the requirements contained in sections 315b, 315c in conjunction with sections 289b to 289e of the German Commercial Code)

Interview with the Management Board

GRI 102-14

„We will cut our CO_2 emissions in half by 2030. In so doing, we will be taking stronger account of our social responsibility. We want our children to inherit an environment worth living in, and we want to contribute to this."
Rainer Irle CFO

What were the main achievements for Siltronic in 2021?
Dr. Christoph von Plotho: Our business activities in 2021 were strongly impacted by the challenges of the COVID pandemic. We have learned to cope with the restrictions and managed to consistently maintain production with very high capacity utilization at our sites.

Rainer Irle: The production of wafers requires quite a lot of energy and therefore we also contribute to global warming. In order to combat the climate crisis, Siltronic decided to establish climate targets that will contribute to contain global warming in line with the Paris Climate Agreement. We have joined the Science Based Target Initiative and will cut our directly attributable greenhouse gas emissions (Scope 1+2) by half by 2030.

We have appointed a human rights officer who reports directly to the Management Board to oversee the due diligence process for human rights and to give greater priority to the issue within the company.

What does responsibility mean for the company?
Dr. Christoph von Plotho: We take our corporate responsibility very serious and we combine business success with responsible actions. This is reflected in our efficient production processes, in the procurement and use of resources, and in the trusting way we treat our employees. We regularly evaluate our opportunities and risks - in partnership with our stakeholders – and we are committed to managing them proactively and autonomously going forward.

Our employees around the world face the daily challenge of making our processes better, safer, simpler, more eco-friendly and thus more sustainable. Together, we want to live up to our responsibility to reconcile the impact of our business activities with the expectations and needs of society.

How does Siltronic's business model work?
Dr. Christoph von Plotho: We are a leading manufacturer of hyperpure silicon wafers and we supply to all major consumers of silicon wafers in the semiconductor industry. Silicon wafers are part of almost all electronic products that make our lives more digital and thereby simpler, safer and more environmentally friendly. Our technologies enable the production of smaller and more energy-efficient components in modern electronics. In this way, we can help to conserve valuable resources and to reduce global carbon dioxide emissions.

We are continuously working on improving our production processes in order to reduce the use of raw materials and energy consumption and to increase the share of recycled consumables in our production. For environmentally friendly deliveries to our customers, we bundle shipments and employ reusable packaging.

How do you assume your social responsibility?
Rainer Irle: Our employees are our most valuable asset and the basis of our success. We cultivate respectful, honest and open cooperation, and we see the diversity of people as an enrichment. We aim to become even more diverse and, in particular, to bring even more women and employees with diverse cultural backgrounds into middle and senior management positions. Through various measures, we support the work-life balance for our employees' families. Occupational health and safety are deeply anchored in our business processes.

Protecting our workforce while maintaining production during the pandemic is of the highest priority for us as a company. This is our responsibility to our workforce as well as to our customers and business partners. With this in mind, we offer our employees the option of mobile working wherever possible.

How do you stand on initiatives such as the Global Compact and Responsible Business Alliance?
Dr. Christoph von Plotho: Siltronic implements the ten principles of the United Nations Global Compact initiative on the protection of human rights, social and environmental standards and the fight against corruption. We respect the internationally declared human rights and promote their upholding within our sphere of influence. As a supplier to the electronics industry, we observe the principles of the Responsible Business Alliance (RBA) initiative, which we have been actively supporting as a member since May 2019.

Dr. Christoph von Plotho
CEO

Rainer Irle
CFO

1. The framework for this non-financial report 2021

We see sustainability as the positive impact of our current activities on future conditions in the ecological, economic, and social spheres. Consequently, the underlying reason for this non-financial report or sustainability report is the question of how Siltronic contributes towards the improvement or deterioration of ecological, economic, and social aspects at local, regional, and global levels.

We believe that sustainable activity is also beneficial for Siltronic as a company. For instance, we are safeguarding our profitability by deploying raw materials more efficiently and optimizing energy consumption. Profitability is an important factor in our ability to provide employees with above-average social benefits and offer them a wide range of advanced training measures. A dedicated, well-trained workforce is more capable of breaking new ground in research and development, which, in turn, has a beneficial impact on our profitability in the medium and long term. In this manner, a cycle is created that is not only positive for stakeholders and the environment, but for Siltronic as a company, too.

With this non-financial report we supplement the economic aspects outlined in the consolidated financial statements and the combined management report by including ecological and social aspects and explaining how we propose to reconcile these with one another.

This report is the summarized, separate non-financial report for 2021 and applies to both Siltronic Group and Siltronic AG. Information that applies only to Siltronic AG, is indicated in the text.

The non-financial report has been issued and was made available in German and English language to the public on *https://www.siltronic.com/en/our-company/sustainability.html*.

Information included in this report was prepared based on the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), is aligned to the Sustainable Development Goals of the United Nations and refers to the Code of Conduct of Responsible Business Alliance (RBA). Moreover, this report provides information regarding sustainability to the degree relevant for reporting the 'Communication on Progress' of the United Nations Global Compact ("Progress report 2021"). The reported period corresponds to that of the consolidated financial statements and all Group entities were included. The sustainability report is prepared on an annual basis. **GRI 102-50, -52**

This non-financial report was subject to an audit by the Supervisory Board of Siltronic AG. Hence, the Supervisory Board has appointed an audit firm to conduct a corresponding audit. KPMG AG Wirtschaftsprüfungsgesellschaft has performed an audit using ISAE 3000 to obtain a limited assurance regarding the information required in accordance with Sections 315b, 315c in conjunction with 289b to 289e of the German Commercial Code. **GRI 102-56**

2. The Siltronic business model and our ethical principles

Section 289c para. 1 of the German Commercial Code

The Siltronic business model

We are a global manufacturer of hyperpure silicon wafers. Since wafers form the basis for semiconductors almost all our customers are manufacturers of semiconductors. **GRI 102-2**

Wafers are produced by melting hyperpure silicon and extracting a crystal from the melt by means of a pulling process. The crystal is sawn into individual wafers, polished, and subject to a final inspection prior to packaging. Production costs are attributable (in decreasing order) to personnel, auxiliaries and operating materials, depreciation, raw materials and energy. **GRI 102-9**

The production equipment largely consists of machines for pulling crystals, furnaces, measurement equipment, cleaning systems, and machines for the mechanical and chemical treatment of the wafer surfaces. Most of the wafer manufacturing process takes place in cleanrooms. From our four production sites in Germany, Singapore and USA we dispatch our wafers directly to our customers' chip factories, which are located (in alphabetical order) in Europe, mainland China, Israel, Japan, Korea, Malaysia, Singapore, Taiwan and the USA. At each of our four largest sites we run a production, administration and sales department. In addition, we operate small sales or administration units in six countries, thereof in Asia (mainland China, Japan, South Korea and Taiwan) and Europe (France and Italy). **GRI 102-4, -6, -9**

Additional information on our business model is available in the combined management report.

Corporate ethics at Siltronic

In order to achieve economic success, companies need the trust of society. In our efforts to ensure that Siltronic's business is conducted responsibly and compliant to all statutory regulations, we have developed various guidelines, including: **GRI 102-16**

- Code of Conduct: We have drawn up a Code of Conduct for our Group that sets out binding rules for responsible and law-abiding conduct, which all Siltronic employees are required to observe. The Code of Conduct deals in particular with the topics of behavior towards one another, leadership as an example, dealings with business partners, handling information, separation of private and corporate interests, quality, safety, health and environment, social responsibility and compliance. **GRI 102-17**
- Voluntary commitments: Siltronic implements the ten principles of the United Nations' Global Compact initiative for the protection of human rights, social and environmental standards, and the fight against corruption and publishes an annual progress report on this subject. We have joined the Diversity Charter as a signatory and are thus committed to actively implementing and promoting equal opportunities and diversity in the company. As a supplier to the electronics industry, Siltronic observes the Code of Conduct set out by the Responsible Business Alliance (RBA), which leading companies in the electronics industry use to promote social and ecological responsibility as well as ethical business practices worldwide. Siltronic is a member of the Responsible Business Alliance (RBA). Siltronic has also joined the Science Based Targets Initiative (SBTi). SBTi drives ambitious climate protection actions in the private sector by enabling companies to set science-based targets to reduce emissions. **GRI 102-12, -13**

The impact of ethical principles on the organization and processes of Siltronic

The above guidelines have an impact on the organizational structure of Siltronic, whereby the most important organizational measures for ensuring the ethical principles are (a) management systems, (b) coordination of Corporate Responsibility topics with a new management position and a direct reporting line to the Executive Board (c) the coordination of EHS topics through a separate department for environmental protection, occupational health and safety, and plant process safety, and (d) reporting channels to the Executive Board and Supervisory Board.

We control operational processes via our Integrated Management System (IMS). The IMS outlines processes and responsibilities and defines group-wide standards, including those relating to quality, energy, occupational health and safety, environmental protection, and plant process safety. The standards are based on national and international standards, laws, customer requirements, and our own principles. Selected management systems are certified by a globally operating service provider. The certifications include ISO 14001:2015 for environmental protection, ISO 45001:2018 for occupational health and safety, ISO 50001:2011 for energy management at our sites in Germany, and IATF 16949:2016 for quality management systems.
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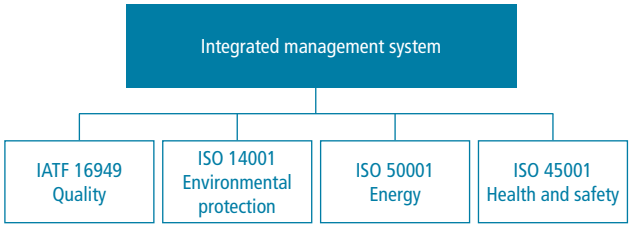
Group management system



In order to identify and manage the variety of possible risks entailed in conducting business, the Executive Board has implemented a risk management system, which is described in detail in the combined management report in the chapter "Risk and opportunity report".

Compliance system: we have installed a compliance system aimed at avoiding, identifying, and sanctioning company-related statutory violations, for which the Siltronic compliance organization is responsible. Siltronic has appointed compliance officers in all of its active entities. As a protected reporting channel for reporting violations, we have also appointed an external ombudsman to whom our employees and third parties can anonymously report any violations of statutory regulations. The Chief Compliance Officer reports directly to the CEO of Siltronic AG. **GRI 102-17**

As a company working with complex chemical and mechanical processes, we have a high degree of responsibility for the operation of our equipment as well as for the protection of people and the environment. Therefore, we have appointed employees at production sites, who are specially trained in environmental protection, occupational health and safety, and plant safety. These employees are grouped together in the Quality Management and Sustainability department. With the groupwide responsibility of the parent company in Germany for quality and sustainability topics, this department defines groupwide systems and guidelines. This department reports directly to the CEO. The allocation of responsibilities among the members of the Executive Board is presented in the combined management report. **GRI 102-11**

For information on the composition of the Supervisory Board and its cooperation with the Executive Board, please refer to the explanations in the Report on Corporate Governance and the Report of the Supervisory Board. Information on the remuneration of the Executive Board and the Supervisory Board is available in the Compensation report.

Non-financial performance indicators within our organization

The management of the Siltronic organization is based on financial performance indicators. The most important of these are recorded monthly on a local and Group basis and entered in reporting systems, where they are compared with previously determined targets.

Similar to the financial performance indicators, non-financial performance indicators also have a hierarchy according to their significance. At the highest level, the Executive Board has selected six performance indicators through which it is informed in the course of routine reporting. These performance indicators are monitored by means of short-term annual targets and long-term targets up to 2030 (base year 2015).

The six non-financial indicators and goals relating to the field of sustainability for the year 2021 are as follows: **Section 289c para. 3 number 5 of the German Commercial Code**

- Goal 1 | Management of raw materials
  The specific silicon yield is at least 104 (specific per wafer quantity; normalized to base year 2015). With a result of 99.0 the target was not achieved in 2021.
- Goal 2 | Management of energy (climate change)
  The specific energy consumption (per wafer area; normalized to base year 2015). is reduced by an average of 1.5 percent per year and amounts to a maximum of 91.3 in 2021. With a result of 88.9 the target was achieved in 2021.
- Goal 3 | Management of waste
  The waste recycling rate is increased by an average of 1.5 percent (base year 2015) and is at least 109.3 in 2021. With a result of 113.4 the target was achieved in 2021.
- Goal 4 | Management of water
  The specific water withdrawal used for production processes (specific per wafer area; base year 2015) was reduced by an average of 1.5 percent to a maximum of 91.3 in 2021. With a result of 89.7 the target was achieved in 2021.
- Goal 5 | Occupational safety
  The loss time injury frequency rate is a maximum of 2.0 (Injuries with loss time per 1 million working hours). With a result of 4.4 the target was not achieved.
- Goal 6 | Occupational safety
  No injuries with loss time with chemicals shall occur. With a result of 2 the target was not achieved.

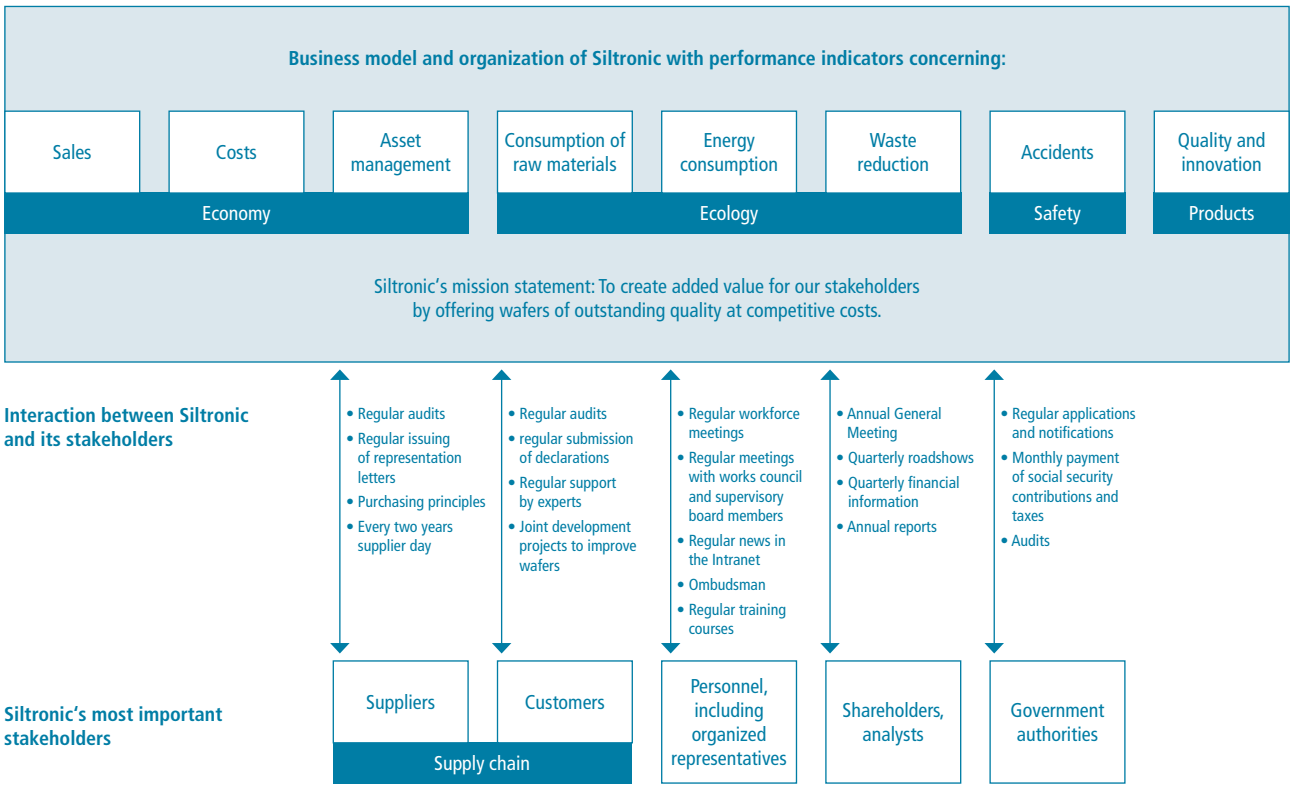
These non-financial performance indicators are monitored and reported continuously. In the case of negative variances, the cause for the development is analyzed in order to introduce improvement measures.

3. Determining the content of this report

Siltronic's most important stakeholders

Due to its extensive activities, Siltronic impacts outside individuals, organizations, companies, and public authorities in various ways. Defining stakeholder groups that have been assessed as the most important ones is mainly based on the number of interactions with a particular stakeholder group and the involvement of our managers. **GRI 102-42**

The following chart shows the most important interactions and their frequency of interaction. **GRI 102-40, -43**



Determining the content of the report

Key topics were identified for determining the content of the report. An internally defined process is based on these steps:

- Collect and summarize topics and information
- Evaluate topics and determine relevant topics
- Communicate results
- Derive measures as required

In order to identify the topics important for this report – material topics relating to environmental topics, personnel aspects, supply chain (including human rights), social responsibility and social aspects (including fight against corruption and bribery) – we identified or updated various sustainability topics as a first step. The identification of sustainability topics was based on the following information sources:

- The ten principles of the United Nations Global Compact.
- The Sustainable Development Goals of the United Nations.
- The requirements of the Responsible Business Alliance initiative.
- Customer requirements and assessments.
- Requirements and assessments of rating agencies.
- Exchange with network partners in the German Global Compact Network and the Responsible Business Alliance.
- Internal company requirements and specifications.

This entire collection of topics was summarized in the following overview for a structured evaluation.

ESG 3x9 Matrix

	ESG 3x9 Topics	
Environment	Social	Governance
E1 – Sustainable Product	S1 – Human Rights	G1 – Product Safety
E2 – Energy	S2 – Supplier Sustainability	G2 – Transparency
E3 – Climate Change	S3 – Corporate Citizenship	G3 – Stakeholder Engagement
E4 – Waste	S4 – Diversity	G4 – Innovation Management
E5 – Water	S5 – Health & Safety	G5 – Compliance Management
E6 – Air Emissions	S6 – Communication	G6 – Business Strategy
E7 – Environmental Compliance	S7 – Responsible Minerals	G7 – Data Security
E8 – Plant Safety	S8 – Human Resources	G8 – Fair Business Partner
E9 – Natural Resources	S9 – Customer Sustainability	G9 – Risk Management

In a second step, these topics were evaluated and prioritized according to materiality, considering the relevance of the topics for the company and the significance of our business activities for the respective topic in the sense of dual materiality. The following sources of information were used for this internal assessment of the topics according to materiality

- Results of previous assessments
- Current results of internal risk assessments
- Corporate strategy, long-term goals and relevant topics
- Structured query on the assessment of material topics from internal specialist groups
- Rating agency requirements and assessments
- Exchange with network partners in the German Global Compact Network and at Responsible Business Alliance
- Internal company requirements and specifications

The results of this assessment were then communicated internally and approved by the Executive Board. For 2020, the following 12 key topics were defined, which are relevant both for the company and for external stakeholders. These assessment results will continue to apply for the reporting year 2021. **GRI 102-46, -47**

	Stakeholder		ESG		
Material topics	Company	External	Environment	Social	Governance
Sustainable product	x	x	x		
Energy	x	x	x		
Climate change	x	x	x		
Waste	x	x	x		
Water	x	x	x		
Environmental compliance	x	x	x		
Plant safety	x	x	x		
Health and Safety	x	x		x	
Customer sustainability	x	x		x	
Compliance Management	x	x			x
Business strategy	x	x			x
Risk management	x	x			x

EU-Taxonomy

In order to counter global warming, the EU has analyzed the activities of the economy for their greenhouse gas emissions in an extensive project. The analysis covered activities that account for about 90 percent of greenhouse gas emissions to the environment. The EU then generated a list of about 90 activities that defined "taxonomy eligible" economic activities. Then the EU generated a list of around 90 activities that defined "taxonomy eligible" economic activities. The EU summarized these activities and its considerations in a regulation, which was known simply as the "EU taxonomy".

Out of the approximately 90 activities, only 17 relate to the manufacturing of physical goods. The other activities refer to the energy sector (25 activities), transportation (17 activities), utilities (12 activities), real estate (7 activities), forestry/environmental protection and information/services.

A taxonomy eligible activity in the area of physical goods manufacturing does not necessarily mean that the resulting products are "environmentally sustainable." Simply put, a taxonomy eligible economic activity means that the manufacturing has a relevant significance for greenhouse gas emissions from an EU perspective. The relevance can be the avoidance of greenhouse gases or the potential for a large reduction.

Therefore, not only the production of electric vehicles or solar systems or particularly heat-insulating windows is taxonomy-eligible, but also the extremely energy-intensive and thus greenhouse gas-relevant production of cement, aluminum, iron/steel or basic chemicals. Of the 17 taxonomy-compliant activities mentioned above that are eligible for the production of physical goods, eight are related to extremely energy-intensive and thus greenhouse gas-relevant manufacturing. The fact that these products are taxonomy eligible has nothing to do with the notion that they are climate friendly – on the contrary. They are taxonomy eligible because the EU sees a potential for very greenhouse gas-intensive products to be converted over time into less greenhouse gas-intensive ones.

The production of wafers is neither directly nor indirectly included in the EU list of taxonomy eligible activities. Against this background, Siltronic cannot generate taxonomy compliant revenues. Regardless of this, information on the EU taxonomy must be provided in accordance with German commercial law. Based on a comprehensive analysis of our business activities, these are as follows: Since Siltronic does not generate taxonomy eligible revenues, the share of taxonomy eligible revenues is 0 percent. Because wafers are excluded as a reference point for the taxonomy eligibility of operating expenses and capital expenditures, the taxonomy eligible share of operating expenses and capital expenditures is close to 0 percent in each case.

4. Environmental aspects

Section 289c para. 2 number 1 of the German Commercial Code,
Sustainable Development Goals 6, 7, 8, 12, 13, Global Compact Principles 7, 8, 9;
Responsible Business Alliance Code of Conduct Topic C

Environmental aspects and environmental protection measures

On an annual basis, we evaluate our environmental aspects using an ABC analysis and implement this on a site level with due regard to relevant aspects of improvement goals and programs. In 2021, we determined the following relevant environmental aspects: air: NO_x-emissions; water: water withdrawal; soil: waste amount and contamination; energy: electricity consumption.

The volume data in this section relate to the production sites in Germany, Singapore and the USA. Data for the administrative sites, which are not relevant in terms of volume, are not included.

Management of raw materials and supplies

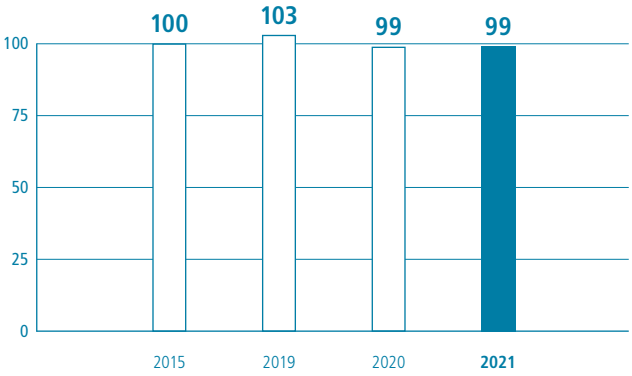
As wafers consist almost entirely of hyperpure silicon, silicon is by far the most important raw material for Siltronic. After oxygen, silicon is the second-most frequently found element in the Earth's crust and is non-toxic. For this reason, we regard silicon wafers as an unrivaled raw material for manufacturing semiconductors and the raw material of choice for our products in the long term.

We endeavor to use silicon as efficiently as possible, thereby contributing towards reducing environmental pollution and helping us remain competitive. The 'efficient use of silicon' performance indicator triggers in particular that silicon residues are recycled in our production cycle, that manufacturing processes are further developed with the aim of increasing yield, and that investments are made in new machinery. We set a target value for this performance indicator on an annual basis. The will to achieve the goals leads to the emergence of new ideas that are tested. If their use in production scenarios looks promising, investments are made to implement them.

The following table illustrates how the efficient use of silicon has developed, whereby 2015 was selected as the basis for comparison:

Development of the efficient use of silicon

in %



The lesser the energy required by smartphones, tablets, PCs, flat screens and all other devices with chips during their operation, the more demand customers place on our wafers in terms of physical and chemical specifications. One reason is that our customers are producing with lower energy consumption from wafers with more demanding technical specifications. Contrary to the usual assumption, the chips with lower power requirements are not less, but more powerful. The reduced electricity demand with increased power applies for the full lifecycle of chips.

Increased requirements on technical specifications have a negative effect on the efficiency of silicon use. We therefore need to use more silicon to produce wafers to fulfill the stricter specifications. However, not all types of wafers are affected by increasing specification requirements. In addition, the product mix of customer orders influences the efficiency of silicon use.

The target value for the key performance indicator "efficiency of silicon use" was not achieved due to a change in the product mix and very high production capacity utilization. Despite the high target achievement, our efforts are aimed at further reducing the use of silicon.

Apart from the raw material silicon, chemicals, gases, and polishing agents used as supply materials also play a role in our production process. As the various supplies are less important than silicon, no performance indicators were reported to the Executive Board. Of course, we continuously work on changing our production processes with the aim of reducing the specific amounts of auxiliary materials required. Specific reductions are usually achieved by recycling (e.g. by reducing the use of polishing agents and cleaning baths). Progress is usually measured using quantitative factors and compared with targets after one or two years.

Management of energy

A substantial part of the process of transforming the purchased silicon into wafers is performed at high temperatures and in air-conditioned cleanrooms. The large amount of energy required to drive this process makes wafer production an energy-intense industry.

In 2021, energy consumption totaled 770 GWh and increased by 6.9 percent compared to the previous year. Electricity is by far the most important source of energy.

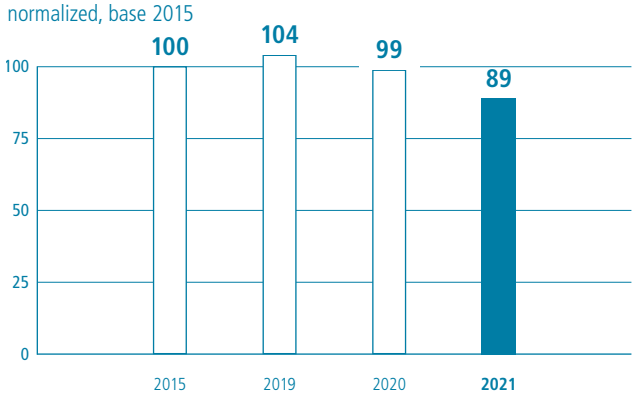
Energy consumption

in GWh	2015	2019	2020	2021
Electricity	574.0	571.0	606.1	650.0
Steam, heat	72.0	69.0	68.2	70.9
Natural gas	40.0	42.7	43.6	48.6
Fuel oil	10.0	3.7	2.5	0.7
Total	**696.0**	**686.4**	**720.4**	**770.1**

Siltronic purchases electricity from the public grid. About 51 percent of the electricity is consumed in Germany. According to the Federal Association of the Energy and Water Industry (BDEW), 42 percent of the electricity consumed in Germany from public grids has its origin in renewable sources, which mainly includes wind, biomass and solar.

Energy consumption (per wafer area, specific)

normalized, base 2015



In order to reduce energy intensity, projects are being initiated and implemented to lower the specific electricity consumption. Sustainable changes were achieved in recent years especially through improvement projects in the areas of lightning, adjusting of cooling water demand and further process optimizations.

The 'efficient use of energy' performance indicator is reported to the Executive Board on a regular basis and targets are determined annually. Siltronic pursues the strategic target of reducing its specific energy consumption by an average of 1.5 percent per year (base year 2015). On this basis and using a planned production volume, we calculate absolute energy savings targets in MWh for the sites and absolute targets for the production areas.

Numerous energy efficiency measures contributed to the achievement of the 2021 target, corresponding to a sustainable reduction in energy consumption of 4.8 GWh per year and an equivalent value of EUR 2.5 million or 1,737 tons of CO_2eq. The annual target of an average reduction in energy intensity of 1.5 percent was achieved in 2021.

The companywide energy management system is certified in accordance with ISO 50001:2018 at our sites in Burghausen, Freiberg and Munich.

Management of waste

Reuse of product packaging

In order to reduce packaging waste we have been using a system of reusable packaging to transport our wafers to our customers since 2006. This system applies mainly to 300 mm wafers. The reusable packaging system consists of an inner packaging with a box to carry the wafers (FOSB Front Opening Shipping Box) and a transport box (Hybox), which can contain up to 12 FOSB. As both elements of this reusable packaging system affect customer processes, customers need to accept the application of this system.

Transport box (Hybox) – In 2021, 91 percent of our 300 mm wafers were dispatched to our customers with reusable transport systems. With this reuse concept we were able to reduce transport volume in 2021 by 21,434 m³ (previous year: 18,070 m³) and avoid 2,022 tons of waste from single packaging in 2021 (previous year: 1,705 tons).

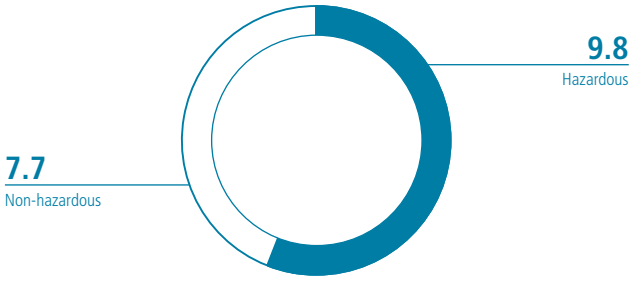
in t	Non-hazardous	Hazardous	**Total**
Recycling	7,186	5,465	**12,651**
Disposal	521	4,305	**4,826**
Total	**7,707**	**9,770**	**17,477**

Inner packaging (FOSB) – In addition we aim to increase the rate of reusable wafer boxes (FOSB). In 2021, we significantly exceeded our target of a reuse rate of at least 40 percent with a result of 50 percent. As these boxes are also used in cleanrooms, the technological obstacle to use reusable wafer packaging is very high. It will therefore be a continuing challenge to achieve this goal.

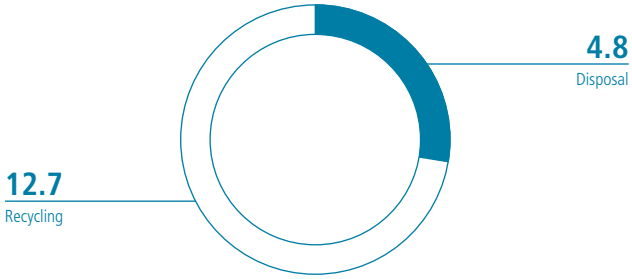
Waste recycling and waste disposal

We distinguish between waste treatment methods and waste hazardousness. Disposal of hazardous waste is particularly relevant. The composition of waste and disposal methods in the reporting year are shown in the charts below:

Composition of the waste GRI 306-2
in 1,000 t (rounded)



Waste treatment types GRI 306-2
in 1,000 t (rounded)



Disposal methods as well as the classification of waste into the categories 'hazardous' and 'non-hazardous' are based on local legal or quasi-legal regulations.

In 2021, a total of 17,477 tons of waste was treated or disposed of at the production sites out of which 37 percent was from the sites in Germany and 63 percent from the production sites in Singapore and the USA.

Waste recycling ratio

in % of waste volume	2015	2019	2020	2021
Recycling ratio	**63.8**	**69.2**	**70.3**	**72.4**

The waste recycling ratio was 72.4 percent. The strategic goal of increasing the waste recycling rate by 1.5 percent in 2021 was achieved. Since the base year 2015, the recycling rate has increased by more than 13 percent, while waste intensity remained unchanged.

Management of water

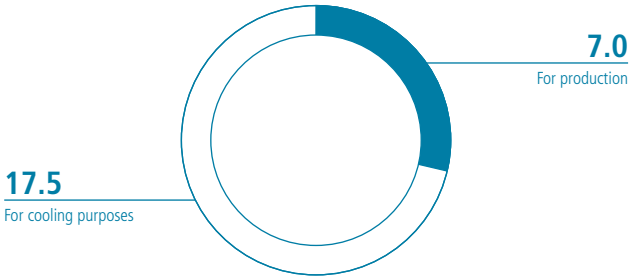
Water is primarily used in our manufacturing process for cleaning and cooling purposes. We endeavor to protect natural water resources and use them as sparingly as possible. According to the risk assessment using the Water Risk Filter (WWF) tool, no site is located in a high water risk area.

Water risk assessment per site (Water Risk Filter)	Burghausen	Freiberg	Portland	**Singapur**
Total risk	**Medium**	**Medium**	**Low**	**Medium**

Water treatment projects were carried out at the Burghausen, Freiberg and Singapore sites in 2021. At our Burghausen site, we minimized the usage of ground water by optimizing internal processes.

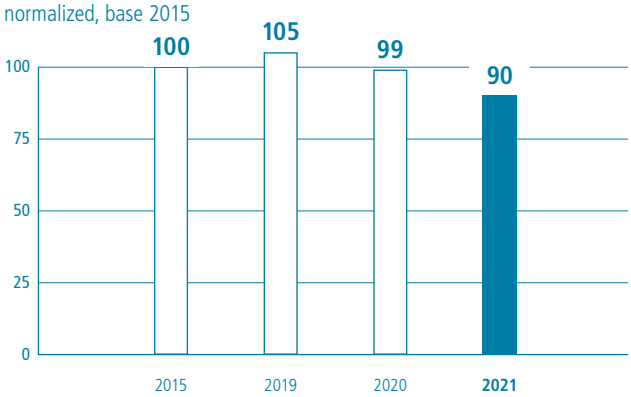
Usage of water

Usage of water
in million m^3 (rounded)



The following chart shows a multi-year development of the indicator "Water usage in production "(base year 2015, normalized):

Water usage for production (specific)
normalized, base 2015



The strategic goal to reduce the amount of water used in production processes in relation to amounts of wafers produced is at least 1.5 percent per year. The specific water consumption decreased by 9.7 percent in 2021 compared to the previous year. The target was achieved due to the water optimization projects and the high production capacity utilization. Since the base year 2015, the specific amount of water used in production has been reduced by more than 10 percent.

Ultrapure water as a requirement for highest product quality
For our production processes, we need ultrapure water of the highest quality to achieve the required product quality. In 2021, we used 6 million m3 of ultrapure water.

Reuse and recycling of water
In order to use water more than once, we add water used in a production process to other processes wherever possible. In 2021, the volume of water reused or recycled in this way amounted to 2.5 million m^3 (previous year: 2.3 million m^3).

The water recycling ratio was calculated as 35.6 percent in 2021 (compared to 35.6 percent in 2020).

Water recycling ratio

in % of water volume used	2015	2019	2020	**2021**
Recycling ratio	**32.3**	**36.1**	**35.6**	**35.6**

Discharge of wastewater
In 2021, we discharged a total of 6.3 million m^3 (previous year: 6.6 million m3) process wastewater (without cooling water) in external wastewater treatment plants. The German production sites accounted for about 53 percent of the process wastewater. We monitor chemical oxygen demand (COD) as a relevant wastewater parameter. In the reporting year 2021, COD totaled 725 tons. Compared to the base year 2015, this corresponds to an increase of 13%.

	2015	2019	2020	**2021**
Indirect discharge in million m^3	7.6	6.6	6.6	6.3
COD total in t	**641.4**	**714.2**	**755.1**	**724.6**

Air emissions

Emissions of nitrogen oxides were assessed as a relevant environmental aspect. Therefore, projects to reduce these air emissions have been planned and implemented.

NO_x emissions in the reporting year 2021 amounted to 92 metric tons (previous year: 92 metric tons). Despite a significant increase in production volume, NO_x emissions remained unchanged compared to the previous year. To minimize our NO_x emissions, we use suitable extraction and scrubber systems at all sites. At the Burghausen and Portland sites, NO_x scrubber systems were commissioned in the last two years.

NMVOCs and dust were not classified as relevant environmental aspect but will be continuously monitored internally. In 2021, we emitted 58 tons of NMVOCs and 2.3 tons of dust.

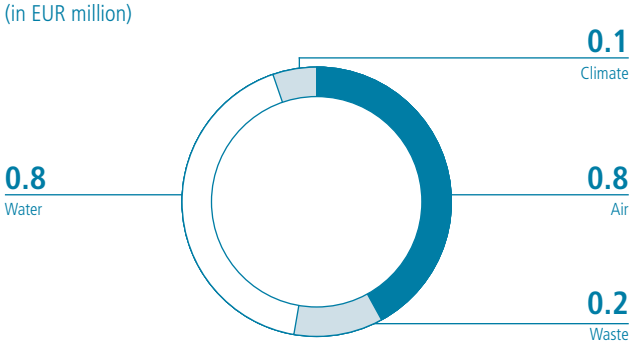
Air emissions in t	2015	2019	2020	2021
NO_x	**77**	**85**	**92**	**92**
NMVOC	**38**	**42**	**53**	**58**
Dust	**1.5**	**1.7**	**2.3**	**2.3**

Environmental protection measures

Environmentally related investments totaled approximately EUR 1.9 million in 2021 (previous year: EUR 2.2 million). We allocated these investments according to typical environmental aspects, of which EUR 0.8 million accounted for air (previous year: EUR 1.5 million), EUR 0.2 million for waste (previous year: EUR 0.5 million), EUR 0.8 million for water (previous year: EUR 0.1 million) and EUR 0.1 million for climate protection (previous year: EUR 0.1 million).

The main improvement measures implemented in 2021 at the Freiberg site were the optimization of the waste gas scrubbers in the epitaxy and at the Burghausen site a renewal of the sour water pipes. At the Portland site, an exhaust air purification system was installed to significantly reduce climate-relevant emissions of N_2O and NF_3 in the future, and at the Singapore site the tanks for water storage were expanded.

Distribution of environmental Investments
(in EUR million)



Our site in Portland is located in an area that has been used by industry for around 100 years. Due to detected contamination in the soil and the adjacent river, authorities have imposed requirements for monitoring and eliminating environmental pollution. As the owner of a property that has been contaminated and borders the river, Siltronic has been subject to specific environmental regulations in Portland for many years. In order to fully meet these requirements, we employ an employee who is solely responsible for implementing the environmental regulations. This measure ensures that the necessary coordination with the authorities takes place, formalities are fulfilled, qualified service providers are assigned, and remediation is coordinated.

Emission of greenhouse gases

The groupwide carbon footprint is an essential instrument for improving climate protection. In addition to direct greenhouse gas emissions in accordance with Scope 1, we also determine indirect emissions from the purchase of energy in accordance with Scope 2 as well as emissions along the value chain (Scope 3). These emission as reported as part of the assessment by CDP.

Greenhouse gas emissions (in t CO_2 equivalents)

Description according GHG protocol, causes and main sources (in t CO_2 equivalents)			2015	2019	2020	2021
Scope 1	Direct emission	Natural gas, fuel, climate-impacting gases	12,501	12,579	14,707	13,395
Scope 2 (location based)	Indirect emissions	Electricity, heat	282,549	242,408	248,598	252,570
Scope 2 (market based)	Indirect emissions	Electricity, heat	–	216,495	228,228	225,247
Scope 3 (upstream)	Indirect emissions		–	–	1,434,373	1,758,772
Scope 3 (downstream)	Indirect emissions		–	–	1,853,718	1,732,218

The methodology used for reporting is in line with the GHG Protocol reporting guidelines for Scope 1 and 2, as well as Scope 3. We use current emission factors from the IEA, DEFRA, EPA, UBA and the IPCC AR5 report to calculate greenhouse gas emissions. All Group companies were included in the calculation.

Scope 1: Direct Greenhouse gas emissions arise on our sites mainly thru combustion of fuel oil and natural gas, as well as by using climate-relevant gases as cooling materials. In 2021, direct emissions were reduced by 9 percent to 13,395 tons CO_2eq. CO_2 emissions from combustion processes increased by 5 percent, while emissions of climate-relevant gases were reduced by 32 percent. Nevertheless, we are continuously working on more effective use and substitution with gases, which have a lower global warming potential.

Scope 2: Indirect emissions arise with the generation and provision of energy (electricity and heat) at our energy suppliers. Previously, Scope 2 emissions were published using the "location-based" approach, i.e. based on emission factors of the respective country. Since 2020, we have also been reporting Scope 2 emissions using the "market-based" approach, i.e. based on the emission factors of our energy suppliers.

Our internal activities to reduce these emissions mainly focus on the improvement of our efficiency of energy use. In 2021, we were able to implement energy savings projects with a sustainable reduction in energy consumption of 4.8 GWh (previous year: 7.1 GWh). These measures thus contribute to a sustainable reduction of 1,737 tons of CO_2eq. (previous year: 3,428 tons CO_2eq.).

In addition, the Portland site acquired wind energy certificates equivalent to 12.7 percent of its electricity consumption (previous year: 11.3 percent).

With these activities we were able to reduce our CO_2 emissions (Scope 1 and 2) per wafer area produced by 4.6 percent annually (compared to base year 2015). We have been able to reduce the absolute amount of CO_2 emissions by 1.6 percent annually or a total of 29,084 tons CO_2eq. since 2015.

Scope 3: These indirect emissions for all 15 categories of the GHG protocol were calculated for the year 2021. For the individual categories we applied hybrid methods, average data methods and spend based as well as supplier- and customer-specific methods. Simplifying assumptions are also used for non-essential categories. We use currently available data for calculation; some of this data refers to the previous year.

As a result, the following relevant categories were determined: 3.1 Purchased goods and services, 3.10 processing of sold products and 3.11 use of sold products.

In addition, we motivate our employees to commute environmentally friendly to our workplaces. The company supports employees with a bike leasing offer and offers commuter buses for workers on our site in Burghausen. At our site in Portland, Oregon, USA, we grant our employees subsidies for public transport tickets, and in Singapore Siltronic offers shuttle buses from the plant to various city districts.

Influence of climate change

The demand for wafers is mainly driven by demand in the areas of mobile communication, computers and servers, data storage on local devices and in the cloud, automotive electronic components, and industry in general. We do not view our business model as being negatively impacted by climate change. On the contrary: without semiconductor components and therefore wafers, electric mobility would not be possible, the feeding in of electricity generated by solar installations and wind farms unthinkable, and a great many smart ways of reducing power consumption unfeasible. Moreover, storing data on semiconductor components consumes less electricity than other forms of electronic data storage. **GRI 201-2**

Influence on climate change

Siltronic has already significantly reduced its Scope 1 and 2 greenhouse gas emissions since 2015. Energy efficiency projects within the company have made a major contribution to this. In order to limit global warming to 1.5 degrees, or at least to well below 2 degrees in accordance with the Paris Climate Agreement of 2015, further reductions in CO_2 emissions are necessary in the short and medium term.

Therefore, Siltronic has decided to reduce absolute Scope 1 and 2 emissions by more than 5 percent annually and to reduce them to 50 percent of current CO_2 emissions by 2030 (base year 2021). Siltronic publishes its climate targets with the Science Based Targets Initiative and will report on its progress annually.

To achieve the CO_2 reduction targets, in addition to the energy efficiency lever, the other levers of in-house generation of renewable energy and procurement of green electricity will be evaluated and implemented from 2022.

5. Personnel aspects

Section 289c para. 2 number 2 of the German Commercial Code,
Sustainable Development Goals 3, 4, 5, 8, 10; UN Global Compact principles 1, 2, 3, 4, 5, 6, 10
Responsible Business Alliance Code of Conduct Topic A, B

Headcount and personnel planning strategy

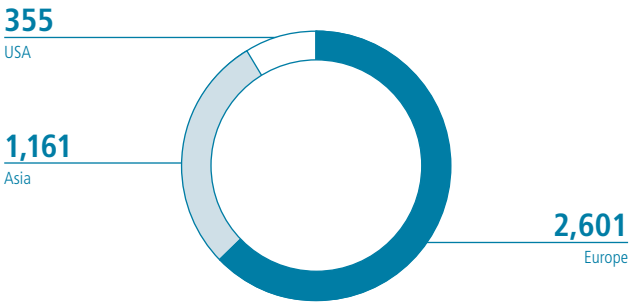
On December 31, 2021, Siltronic Group employed 4,117 people (previous year: 3,772), 63 percent of whom were employed by Siltronic AG in Germany, 28 percent in Asia, and 9 percent in the USA.

Headcount as at December 31, 2021 GRI 102-8

	Men	Women	Total	Share of total
Europe (Germany and other countries)	**2,056**	**545**	**2,601**	**63 %**
Of which on permanent contracts	1,774	465	2,239	
Of which on temporary contracts	282	80	362	
Asia (Singapore and other countries)	**837**	**324**	**1,161**	**28 %**
Of which on permanent contracts	820	322	1,142	
Of which on temporary contracts	17	2	19	
USA	**250**	**105**	**355**	**9 %**
Of which on permanent contracts	250	105	355	
Of which on temporary contracts	–	–	–	
Employees in the Group	**3,143**	**974**	**4,117**	**100 %**

A total of 3,687 employees worked full-time (previous year: 3,334) and 430 employees worked part-time (previous year: 438). Of the part-time workers, 52 percent were women (previous year: 52 percent), and 98 percent of the part-time workers were in permanent employment (previous year: 98 percent). GRI 102-8

Breakdown of employees by region (excluding temporary workers)
Number



As demand in the semiconductor industry has historically shown considerable ups and downs and as we are required to cope with these changes, we pursue a flexible strategy in our personnel planning. The strategy includes covering a certain percentage of our personnel requirements in production with temporary staff, which also protects the core workforce. If a pronounced upturn in demand leads to production peaks, we employ temporary staff. Conversely, if personnel cost cuts become necessary due to a market downturn, we initially reduce the number of temporary workers. If that measure proves to be insufficient we stop renewing fixed-term contracts, as a second stage. In a third step, we consider introducing reduced working hours for staff in areas particularly impacted by a downturn.

In order to respond promptly to any significant changes in demand, the personnel requirements resulting from incoming orders are continuously compared with current and future staff levels. Any measures planned to substantially increase or reduce the number of employees are discussed by employer and employee representatives in a structured process.

On December 31, 2021, Siltronic employed a total of 355 temporary workers (previous year: 330), of which 245 were men and 110 were women (previous year: 247 men and 83 women). The last time Siltronic needed to reduce working hours was in 2012. GRI 102-8

Relationship with employee representatives and employees' rights

Siltronic Group cooperates with employee representatives in a spirit of goodwill, while regular meetings between employer and employee representatives are convened.

Our workforce has always been highly unionized, particularly in Germany. Since employees are not required to report union membership, and as it is inadmissible for employers to ask, we do not know how many of our employees are union members. Some 63 percent of employees in Germany work in units covered by collective agreements. **GRI 102-41**

If an employer's collective bargaining agreement is in place, Siltronic is obliged by the employment contract to treat employees as if the respective collective bargaining agreement were applicable – regardless of their membership in a trade union. At sites that do not have an established employee representation, there are employees who act as contacts for employee issues.

In addition to remuneration and working time, essential employee rights in Germany include the right to parental leave or maternity leave. German Siltronic employees make use of this right: As of December 31, 2021, 21 employees were on parental leave (previous year: 16), of which 19 were women (previous year: 12), and 2 were men (previous year: 4).

As of December 31, 2021, we employed in total 805 foreign employees mainly from Malaysia (412), mainland China (165) and India (105) at our production site in Singapore. In accordance with the industry initiative Responsible Business Alliance (RBA) we apply rules on working hours and fees, which go far beyond legal requirements. We committed ourselves to cover relevant expenses incurred by foreign workers, especially travel expenses, expenses for medical examinations or visa fees.

Siltronic regularly informs the workforce about current developments that could have an impact on the business performance. Employees are comprehensively informed of any significant operational changes in a timely manner. Siltronic hereby complies with the respective national and international information requirements.

Diversity and equal opportunity

Siltronic operates in Europe, USA, and Asia and therefore in a culturally diverse environment. In 2020, Siltronic AG, the largest of the Group's companies, employed people of 39 different nationalities (previous year: 32).

One focus of our efforts is to leverage the existing diversity of modern society and, with this in mind, Siltronic AG has appointed a Diversity Officer. The diversity of the workforce and its wide range of skills and talents provides an opportunity for innovative and creative solutions. Among other factors, diversity includes gender, nationality, ethnic origins, religion and disability. The combined management report comprises information to employees with disabilities.

We reject discrimination or degradation on the basis of gender, race or ethnic origin, religion or belief, disability, sexual orientation or age. These principles apply throughout the Group and are set out in writing as part of our corporate culture. Employees can report potential discrimination to their managers, to the compliance officers, the works council, the personnel department, or to an external ombudsman. The complaint will be reviewed and the complainant informed of the outcome.

All employees at the German locations are required to familiarize themselves with the General Equal Treatment Act (AGG) through e-learning training. The training course is applicable to all hierarchy levels.

Our long-term goal is to raise the level of diversity in Siltronic's workforce, also by increasing the percentage of women in management positions. At the end of 2021, 1 of 14 positions (previous year 2 of 15) one level below the Executive Board and 3 of 30 positions (previous year 4 of 33) in the second management level were represented by women. The Report on Corporate Governance provides more information on the proportion of women.

The following table shows the percentage of men and women at management level at Siltronic AG:

Gender distribution (as of December 31, 2021)

	Men	Women	Total
Employees in the Group at management level	40	4	**44**
In percent	*91*	*9*	***100***
Of which first level below Executive Board	13	1	**14**
In percent	*93*	*7*	***100***
Of which second level below Executive Board	27	3	**30**
In percent	*90*	*10*	***100***

We have defined mid-term goals for the percentage of women for the first and second level below the Executive Board. By the end of June 2023, the percentage of women should be at least 21.4 percent in the first level of management and at least 11.4 percent in the second level.

Following the Diversity Charter (2018), Siltronic AG has also signed the IGBCE Equality Charter (2019). By signing this Charta, Siltronic commits itself to actively implement and promote equal opportunity. A corporate culture is maintained, which is shaped by mutual respect and trust. In 2021, 25 women from the German organization took part in a survey. The aim of this survey was to obtain feedback on assessments of the company and to derive measures from this. For example, there was a wish to offer additional female work jackets in the production area and to offer a women's seminar. The implementation of both wishes was planned in 2021 and will take place in 2022.

Advanced training

Competent employees keep the company both innovative and competitive. We encourage our employees to learn throughout their lives and retain a flexible attitude towards change, as we believe that we all need to be prepared for longer working lives in order to cope with the demographic change. To enable employees to make the most of their potential, Siltronic offers a wide range of opportunities for further development. The training measures relate to personality, management, and social competence as well as technical expertise.

On our sites in Burghausen and Freiberg seven young persons started their apprenticeship within Siltronic in 2021 with a focus on mechatronics, automation engineering or industrial mechanics. We also recruited six dual students in the fields of computer science and electrical engineering. For new employees we offer onboarding trainings to become familiar with the company and its culture.

Employees and their managers discuss development measures at least once a year in a performance review, regardless of hierarchy level, gender or location.

In 2021, Siltronic AG's HR Development department created hybrid classroom seminars and virtual training sessions. These included the implementation of interview management seminars for employee reviews, leadership training for different management groups (shop floor, white-collar) as well as numerous seminars "Leading without a supervisor function" and onboarding seminars for new employees with a curriculum for our manufacturing process (silicon seminar). Due to the pandemic, Siltronic is increasingly offering e-learning.

In total, 274 employees took part in personnel development seminars at the German sites in 2021. All mandatory training was completed in the form of online training or procedural instructions in the e-learning tool for 2,698 employees.

In 2021, a total of 1,144 employees attended the training programs offered at the Singapore site. 483 employees, 50 temporary workers and 347 employees from partner companies attended the training programs offered at the Portland site. Due to fluctuation, the number of employees trained is not comparable with the number of employees as of December 31, 2021.

Demographic trends

At the end of 2021, the average age of the typical employee was 44.8 years. The following table shows the age structure of Siltronic employees worldwide.

Age structure (as of December 31, 2021)

	Male	Female	**Total**
Up to 30 years of age	17 %	16 %	**17 %**
31 to 50 years of age	47 %	53 %	**48 %**
Over 50 years of age	36 %	31 %	**35 %**
Total	**100 %**	**100 %**	**100 %**

Remuneration and equal pay

In order to attract new employees and retain existing ones, both of which we require in order to ensure a successful future, we need to offer competitive levels of remuneration. In addition to their basic salary, employees in Germany receive variable remuneration if the company achieves certain defined financial targets. This voluntary benefit is available to employees covered by collective agreements and non-pay-scale agreements. There are also variable remuneration components for those employed by foreign subsidiaries.

In addition to the fixed salary and the variable pay, remuneration includes various other benefits that extend beyond the statutory minimum requirements, regardless of whether an employee works full-time or part-time. In Germany, the most important company benefits include in particular the company pension scheme, partial retirement programs, bus subsidies, anniversary bonuses, canteen subsidies, and preventive health care programs. In addition to this, there is a collectively agreed amount for employees at the German sites, which is available for company pensions, leave of absence or payment. At our site in Portland (USA), company pension benefits and health insurance are provided.

The notes to the group financial statements comprise information on personnel cost and retirement benefits.

Employee satisfaction and reputation

We evaluate the fluctuation rate as a key figure of how well we succeed in retaining employees and being attractive to new employees.

In 2021, 861 employees (previous year: 508) were hired, of whom 381 (previous year: 144) in Germany and 480 (previous year: 364) abroad. These hires accounted for 21 percent of the workforce as of December 31, 2021. Some 463 (previous year: 320) employees left the company. This corresponds to 11 percent of the workforce as of December 31, 2021. Germany was affected in 72 (previous year: 32) cases and other countries in 391 (previous year: 288) cases. Fluctuation was low in Germany and the USA in a regional comparison and higher in Asia, as is typical for the region.

In 2021, employees at all sites were honored for up to 40 years of service in the company. At the Singapore site, 6 employees were honored for their 20-year service anniversary. A total of 74 employees have been with Siltronic Singapore for more than 20 years. At the Portland site, four employees were honored for their 40th anniversary; a total of 34 employees at this site have already worked for Siltronic for more than 20 years. At Siltronic AG sites, a total of 113 employees were honored for their 25 years of service and four employees for 40 years of loyalty to the company in 2021.

We regard it as important to treat temporary workers fairly. We pay at a minimum the wage defined under the collective agreement on industry surcharges for temporary employment in the chemical industry (TV BZ Chemie). In addition, there are workplace, shift, and other voluntary allowances, which can vary according to business and location. In addition, Siltronic meets the requirements for an equivalent wage in accordance with the German Temporary Employment Act (AÜG). Temporary workers have received a variable pay equal to the employees of Siltronic AG in Germany in 2021 for the year 2020. The payment was based on the financial performance of the company.

In 2021, Siltronic AG was rated and awarded 19 employer awards in the categories of training and development, career opportunities, equality, reputation and trustworthiness as part of market studies in Germany.

Occupational safety, plant safety and health

Occupational safety

Responsibility towards the entire workforce in the area of occupational health and safety plays a major role at Siltronic and is reflected in extensive preventive measures. In addition, the Executive Board receives regular reports on the development of accident figures, which are a non-financial indicator, as well as on any relevant occupational accidents and related corrective measures. Special attention is given to injuries involving chemicals. The target figure for injuries involving chemicals is 0.

With our safety program, we work continuously to improve safety standards within the working environment. Key measures include the appointment of safety officers, safety inspection tours, training courses, talks with operating staff, and emergency drills, all aimed at identifying and avoiding unsafe activities – whether when operating equipment, handling chemicals, in the workplace, in the office, or on the way to work. Despite these measures, accidents still occur. The occupational health and safety standard ISO 45001 was defined as a group-wide standard and certified.

The following table shows the development of accident figures, which the Executive Board has defined as a strategic goal, and on which it receives regular reports.

Working accidents

	2015	2019	2020	2021
Injury frequency rate (LTIF) [1]	2.1	2.5	2.1	4.4
Injuries involving chemicals [2] Number of employees affected	1	5	–	2

[1] Injury frequency: number of injuries (employees and temporary workers) with lost time per 1 million working hours.
[2] Number of injuries (employees and temporary workers) with lost time involving chemicals.

The targets for 2021 was 2.0 for the injury frequency rate (LTIF) and 0 for injuries involving chemicals.

For working injuries we did not reach our goal in 2021. 34 accidents with loss days occurred, which results in a frequency rate of 4.4. No fatal incidents occurred in the last few years. In 2021, 2 occupational accidents involving chemicals and lost workdays occurred.

The number of accidents with lost workdays increased significantly compared to the previous year. A communication and idea management campaign for more safety at work was therefore launched at the Freiberg site. The campaign aims to raise employees' awareness of their own health. The project was triggered by an accumulation of workplace accidents in one area at the beginning of the year. In order to initiate the open dialog necessary for the campaign, the company is taking a new approach in the campaign. Employees have two options to actively participate in improving occupational health and safety in their area. Firstly, they can submit ideas and hazard warnings in an IT tool designed specifically for the company, and secondly, every employee can speak personally to their safety officer about occupational health and safety. The campaign is illustrated by a poster campaign designed to encourage employees to rethink their own risk assessment in their daily work.

The main causes of accidents are still behavior related. We are therefore continuing initiatives to address these causes in particular and support our workforce in preventing accidents. These include the Safety Plus program and the reporting of safety-critical situations and measures during the induction of new employees, as our internal statistics show a higher accident risk for this group in the first few months.

The "Safety Officer Workshop" implemented at the German sites in 2019 could not be carried out in 2021 due to the pandemic. Some elements of our established Safety Plus program, such as tours, on-site discussions with employees and TQM (Total Quality Management) rounds at the sites, could also only be implemented with restrictions.

In 2021, operating units at the Burghausen production sites received awards for accident-free working hours for over 30 years.

To prevent accidents as far as possible, we have set up a global system for reporting near-miss incidents. By systematically processing these events, we aim to further reduce the number of actual workplace accidents. In 2021, 1,392 near misses (previous year: 1,415) were recorded and analyzed.

Plant safety

The safe operation of our production facilities is an essential element of our EHS management system. Despite high diligence, plant incidents cannot be excluded. We have set a target of a maximum of two safety-relevant plant incidents ("PSI- Process Safety Incident" according to CEFIC and ICCA definition). With two incidents we achieved this target in 2021. No event was classified as an incident or subject to notification in the sense of the Hazardous Incident Ordinance.

Safety-relevant plant events

	2015	2019	2020	2021
Number of events	3	2	2	2

Our Management of Change process ensures that safety requirements are met, and the relevant safety experts are involved in all new installations or modifications to existing plants. We use systematic safety analyses to determine risks. Among other things, we analyze the influence that possible individual errors can have on a chain of events leading up to a malfunction or accident and define protective measures.

Health protection

The company supports programs for health prevention of our employees. On all German sites the company offers the prevention program "Fit on the job" or the participation in offsite "Health weeks". Unfortunately, due to the Corona pandemic, again most of these offers had to be reduced or cancelled altogether in 2021.

Impact of the pandemic

We faced again major challenges worldwide as a result of the Corona pandemic in 2021. We introduced hygiene measures at all sites, considering local requirements. These include the obligation to wear masks, new or adapted shift models, home office and web conferencing to avoid contacts, as well as to avoid business travels also between Siltronic sites. We organized vaccination campaigns for our employees. At the Singapore site, a vaccination rate of almost 100 percent was achieved. Thanks to the consistent implementation of these measures and the flexibility of our employees, our product volumes were not affected by the pandemic.

6. Supply chain

Sustainable Development Goals 7, 8, 9
UN Global Compact principles 1 – 10
Responsible Business Alliance Code of Conduct Topic E.12

Supplier relationship

In 2021, our purchasing volume was EUR 1.011 million (previous year: EUR 724 million). We cooperate with about 3,900 suppliers worldwide, with 8 percent of our suppliers covering around 90 percent of our purchasing volume. Our global procurement volume is spread across roughly two-thirds of Europe/North America and one-third of Asia. Our most relevant suppliers and areas of procurement focus on the raw material polysilicon, specific auxiliary and operating materials for our production processes, energy, IT and logistic services as well as our suppliers of investment goods. **GRI 102-9**

In our Code of Conduct, we document our expectations of suppliers with regard to the careful treatment of their employees and the environment and oblige them to comply with the principles of the UN Global Compact and Responsible Care® initiatives as well as RBA through our purchasing conditions. As part of our supplier management processes, we analyze and evaluate our supply chain with regard to risks and compliance with our commitments. Corrective or improvement measures are worked out and followed up with the suppliers. Here we cooperate closely with the Head of Corporate Responsibility of Siltronic and implement measures to improve our sustainable actions in our supply chain. Siltronic's appointed Human Rights Officer is also available to supplier employees to report actual or potential human rights violations as grievances. Initial contact can be made through local compliance officers. In 2021 no grievances were reported by employees of our contract partners.

In the business year 2022 we will implement a digital whistleblowing system, which enables individuals then also to report grievances in connection with human right or environmental risks caused by business activities of our company or a direct supplier.

In addition, we are addressing the promotion of equality and diversity in our supply chain. Our goal of further increasing purchasing from companies managed on the basis of diversity is also communicated on our internet platform, where these companies may directly access contact channels to offer their products and services. Siltronic communicates its sustainability and corporate responsibility goals and measures, including at regular Supplier days, and explains them in detail to its global partners.

Already in 2019, we joined Responsible Business Alliance (RBA) as a member, the world's largest industry association with the aim of promoting and embedding social responsibility in the global supply chains.

Siltronic has maintained a comprehensive system to manage its suppliers for several years. With these processes we aim to ensure, that our suppliers improve in the fields of quality, service, supply chain risks and costs and act responsibly in the field of sustainability with regard to working conditions, ethical standards, safety standards and with handling of local resources.

We continuously assess the performance of more than 100 suppliers globally. These suppliers represent our global purchasing volume. Therefore, we apply different rating systems to evaluate the risk potential and performance of our suppliers. We regularly conduct audits with our external partners.

Siltronic further developed its supply chain management system in 2021 and to include relevant environment, social and governance (ESG) aspects. One milestone was the creation of an international process that defines the rules for a full assessment of the ESG risks of our suppliers. Here we consider geographic location and type of business our partners as well as our business volume with our partners. Risks considered are divided into categories such as labor practices, safety and health, environment and business ethics and the maturity of the management system. In 2021 were able to assess risk potentials of suppliers covering more than 90 percent of our purchasing volume.

Based on the results of this risk analysis we determine focus suppliers for relevant and detailed investigations. In addition to suppliers with high purchasing volume or high risk potential we focus on contractors whose employees work at our production sites together with our own employees. For a detailed analysis of risks of focus suppliers, we utilize the comprehensive online self-assessment (SAQ) of Responsible Business Alliance (RBA). By the end of 2021 we have received and evaluated SAQs from two thirds of our focus suppliers, representing well over one third of our total purchasing volume. In average our suppliers scored 83 of 100 points and no supplier scored less than 66 points.

Independent of risk-based analysis of our suppliers we consider reports about human rights violations and legal changes in legislation as triggers to evaluate our supply chain and assess its compliance. In 2021, we therefore conducted analysis of our supply chain of cleanroom materials and raw materials with a focus on forced labor, amongst other things. This impact could be invalidated as audit result.

In future we will conduct specific ESG-audits of our suppliers. Depending on the relevance and risk of the supplier for Siltronic, we will conduct third-party audits with independent auditors, VAP audits of Responsible Business Alliance (RBA) or with our internal qualified auditors.

In addition, we attach importance to our suppliers achieving certificates that externally verify the suitability of their management system for social and environmental aspects as well. These certificates have a relevant impact on the supplier rating. We consider certificates from standards such as ISO 14001, ISO 45001 and ISO 50001, as well as commitment to or membership in RBA or comparable diversity initiatives and certifications, such as Women's Business Enterprise National Council (WBENC) or WEConnect. We conclude contracts with relevant suppliers we close contracts, in which the attainment and maintenance of these certificates are declared.

With these processes and measures of our supply chain management it is our goal to further improve sustainable actions in our supply chain and to reduce corresponding risks with our suppliers and partners in the coming years.

Conflict minerals

In 2021, Siltronic AG did not purchase any conflict minerals (gold, tantalum, tungsten, tin) from mines in relevant conflict regions (§1502 Dodd Frank Act, in conjunction with EU Regulation 2017/821). Siltronic confirms this to its external partners with the current report template for conflict minerals (CMRT 6.01) of the Responsible Business Alliance (RBA). In a similar way we report with the reporting template about cobalt and mica (EMRT 1.0).

Although none of our products contain these materials, responsible purchasing plays an important role. We have therefore introduced a policy which defines the handling of conflict minerals and contains clearly defined rules for their procurement. Any supplier we ask to register in our supplier system (SRM) must provide mandatory information about the purchase or usage of conflict minerals. In addition, questions about conflict minerals are part of our supplier audits.

Sustainability with regard to customers

In addition to memory chips and processors a large proportion of our customers are involved in the field of electricity control. Either these customers are directly involved in the development and commercialization of sustainable products (electric generators, wind power plants) or aim at active power saving for e.g. industrial production. All these fields are related to the level of end applications.

At the same time, technical progress and innovation in the interaction between Siltronic and many of its customers is of great significance, due to the fact that technical progress in the semiconductor industry is advancing quicker than in many other industries. The technical advancement that semiconductor manufacturers are achieving is above all evident in the fact that electronic circuits are becoming more compact. Smaller circuits make semiconductors more efficient with basically the same power consumption or the same performance with decreasing power consumption. This development can only be maintained if wafers meet more sophisticated physical and chemical specifications. Our customers set the pace of development. The timing refers not only to wafer specifications, but also to sustainable framework conditions such as ensuring climate targets and sustainable raw material supply at our company, but also through reviews at our suppliers. In order to fully meet customer expectations in this area, we have spent between five to six percent of our sales on research and development in recent years

Our customers are increasingly focusing on improving the sustainability performance of their suppliers. To this end, we are working with two of our customers on CDP assessments for climate change and water security and are participating in a multi-year sustainability program with one customer. In annual supplier assessments by our customers, we received several awards for outstanding performance in 2021.

7. Social responsibility and social aspects

Section 289c para. 2 numbers 3/4/5 of the German Commercial Code
Sustainable Development Goals 16, 17 UN Global Compact principles 1-5, 10
Responsible Business Alliance Code of Conduct Topic D

For Siltronic, sustainability also means transparency and openness in the sense of corporate citizenship. This begins with a good relationship with our neighbors and speaking openly about what happens within the plant, as well as addressing questions posed by the public worldwide. This is the only way to create the spirit of social trust that companies need in order to be economically successful. With these points in mind, Siltronic assumes social responsibility, particularly in the regions near its various locations. Our concepts in this respect extend beyond the above-mentioned global initiatives RBA and the United Nations Global Compact:

Combating legal violations, particularly corruption and bribery

According to the Corruption Perception Index of Transparency International (CPI), Siltronic operates predominantly in countries with a medium to low risk of corruption.

We resolutely oppose any form of transgression or violation of the law. Irrespective of the national probabilities of occurrence, our compliance system described above is designed to avoid, prevent, identify and sanction compliance violations in the form of corruption, fraud, infringements of competition rules, and other manifestations of white-collar crime, in every market in which we operate.

Employees are required to report any violations they observe to their managers, compliance officers, the works council, or the responsible members of staff in the personnel department. Moreover, both employees and third parties can anonymously report violations of legal regulations to an external ombudsman, who has been appointed by Siltronic. The Company investigates every reasonable suspicion, examines the case and defines measures to remedy any weaknesses identified. It also takes any disciplinary measures deemed necessary. Retaliation of any kind against individuals who report compliance incidents in good faith is prohibited. The Chief Compliance Officer reports to the Executive Board of Siltronic AG on a monthly and ad-hoc basis. Furthermore, the Chief Compliance Officer reports to the Supervisory Board as part of the Audit Committee meetings. In 2021, no cases related to corruption or bribery were reported to the Chief Compliance Officer **GRI 205-3**

In 2022, a digital whistleblower system will be installed that will allow whistleblowers to submit reports of violations of the law and (imminent) human rights abuses anonymously via a secure electronic mailbox.

Employees who have contact with business partners are required to complete an e-learning course on compliance. Furthermore, all employees in sales and marketing are required to undergo online training courses on antitrust law. **GRI 102-17**

Human rights

Our four production sites are located in highly developed industrialized countries, where there is a low risk of human rights violations compared to less developed nations. A certain degree of risk, however, does remain. Since we want to actively fight human rights violations within our company as well as in the upstream and downstream supply chain, we have taken measures to identify possible contraventions.

Via our Code of Conduct, we explicitly endorse the ten principles of the United Nations Global Compact initiative. The first two principles of the Global Compact deal with upholding human rights and the exclusion of human rights abuses. Based on the first principle of the Global Compact "support for human rights" and the second principle "exclusion of human rights abuses", Siltronic implements the following measures in particular:

- As part of our general purchasing conditions we expect that our suppliers to comply with our Code of Conduct, which includes human rights aspects.
- We train our employees at specific seminars to ensure compliance with internationally proclaimed human rights.
- If we become aware of potentially critical aspects with regard to human rights, we analyze them. Should a situation turn out to be critical in the face of analysis, we act.
- We commit ourselves in our Code of Conduct and in dealings with customers to uphold human rights and to exclude any abuses thereof.

The Executive Board also appointed a Human Rights Officer in September 2021, who defines measures to ensure compliance with human rights and environmental due diligence obligations. The Human Rights Officer identifies the human rights and environmental risks of Siltronic and its direct suppliers. Based on the risk analysis, he supports the development of the company's human rights strategy. In the fiscal year 2022 we will implement a digital whistleblowing system, which enables individuals then also to report grievances in connection with human right or environmental risks caused by business activities of our company or a direct supplier.

Non-profit purposes and "corporate volunteering"

In 2021, Siltronic supported overall 50 activities in Germany, Singapore and in the USA. Total donations amounted to KEUR 542 (previous year: KEUR 142). A particular focus of the donations was to support individuals and families in need in Singapore, as well as donations for flood relief in Ahrweiler, Germany.

In Singapore, Siltronic supports the South West Community Development Council (CDC) in its "My schooling needs" and "Food connect" programs. The "My schooling needs" program has been supporting disadvantaged families and students at the start of school since 2010, and the "Food connect" campaign, founded in 2010, supports households in need with monthly food rations.

In Germany, Siltronic AG provided support to the Ahrweiler flood relief organization following the flood disaster.

Employees within Germany participate in the cent donation program organized by the Wacker Relief Fund in which employees consent to having their monthly salary rounded downwards to the next lower amount in euros. These remaining amount (cents) are then donated.

Every year, Siltronic employees at the Freiberg site take part in the Nepal run in autumn. Due to the Corona pandemic, this charity run was held as a virtual event so that Siltronic employees worldwide could participate in this campaign. The charity run that is organized from a school close to Freiberg collects money to fund the construction of schools in the Gati region of Nepal.

At our site in Portland/OR, our employees, together with Doernbecher Children's Hospital, have been supporting needy families in the region for more than 20 years. A total of 10 families were supported in 2021 through a donation program run by our employees. In the year under review, Siltronic supported a total of 18 initiatives at its Portland site in the areas of poverty and nutrition, as well as environmental protection.

Relationships with associations and with politics

We are committed to responsible behavior towards political parties and non-governmental organizations. We represent our political interests in accordance with the standpoints that we have publicly expressed. Our approach to politics is based on factual considerations, and we are open to dialog with all democratic parties. Any donations made to political parties require the approval of the Executive Board of Siltronic AG.

We do not hold special positions in any association or organization of which we are a member. Siltronic has not participated in legislative procedures. **GRI 415-1**

Dialog at regional levels

At all locations, we maintain regular exchanges with the authorities in the field of environmental protection.

Our production site in Portland, USA was awarded the "Gold level for Sustainability at work" by the authorities of the City of Portland/Oregon in 2020. The award is valid until 2023. In addition the site was awarded the "Gold award for No pretreatment violations" by the authorities of the City of Portland/Oregon in 2020.

At the Freiberg site (Germany) employees are committed to a cosmopolitan attitude ("Weltoffenheit") and joined the initiative economy for a cosmopolitan Saxony ("Wirtschaft für ein weltoffenes Sachsen") in 2019. This network initiative aims to actively assist the integration process of migrants in order to enhance the economic power of Saxony.

Partnerships and membership in associations and initiatives

We have taken part in the following initiatives:

CDP Climate change, water security (investor, supply chain)
In 2021, we participated for the fourth time in the rating initiatives of CDP on Climate Change and Water Security and were rated B and B (on a scale from A, best rating, to D, worst rating).

Program	2020	2021
CDP climate change	B	B
CDP water security	B	B

UN Global Compact
Siltronic AG has been participating in the UN Global Compact since 2017 and published an up-to-date progress report in 2021. In addition, the company has participated in a global program of the UN Global Compact network (Climate Ambition Accelerator).

Responsible Business Alliance (RBA)
Siltronic AG has been a member of the Responsible Business Alliance initiative since April 2019 and has participated in network meetings on relevant topics of the initiative.

Diversity Charter and Equality Charter
Following the Diversity Charter (2018), Siltronic AG has also signed IG BCE's Equality Charter (2019). By signing the charter, Siltronic commits to actively implementing and promoting equal opportunities.

Science-Based Targets Initiative (SBTi).
SBTi is a collaboration between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to provide a framework for ambitious climate action. Companies can publish their science-based targets here and have them validated. Siltronic participates in the Science Based Targets Initiative (SBTi) and commits to reduce CO_2-emissions Scope 1 and 2 by 50 percent until 2030 (from base year 2021). Details of SBTi are provided online in the section Ambitious corporate climate action - Science Based Targets.

Taxes

Information on tax strategy, tax compliance and the respective monitoring system GRI 207-1, -2, -3

Siltronic AG has a tax strategy that is set out in writing as part of the tax policy. The policy is addressed to the managers and employees of all departments and entities that perform tax-related tasks. The tax policy is not public. The purpose of the tax policy is to define responsibility for tax issues within Siltronic Group and to communicate the corporate culture with regard to taxes. This should ensure that the Group meets its tax obligations. In terms of content, this corresponds to Siltronic's Code of Conduct, which also addresses Siltronic's tax integrity. The tax policy is discussed with the Chief Financial Officer of Siltronic AG at least once a year.

Siltronic's tax strategy is based on its corporate strategy. Corporate decisions are made on the basis of economic factors. Siltronic does not pursue any arrangements that, according to prevailing opinion, are aggressively aimed at eroding or avoiding taxes. Siltronic pursues an open and proactive communication style with tax authorities. When dealing with tax-related issues, Siltronic also draws on the opinion of outside experts.

Responsibility for the implementation and monitoring of tax compliance lies with the tax department of Siltronic AG, to which those responsible for taxes within the Group report. Siltronic AG's tax department reports to the Chief Financial Officer.

Siltronic AG has implemented a tax compliance management system that cares of the fulfilment of tax requirements relevant to Siltronic. The components of this tax CMS are an analysis of tax risks, the implementation of processes, control measures and reporting channels. As part of the tax compliance management system, group entities report violations of tax obligations to Siltronic AG's tax department.

In addition, as part of the general compliance system, there is the option of contacting the Compliance Officer or the external Ombudsman in case of violations against tax rules.

The Tax CMS is critically reviewed and updated once a year to assess the effectiveness and efficiency of the system and the controls implemented. The critical review is performed by the tax department, which discusses the results with the Chief Financial Officer.

Country specific information GRI 207-4

The following table summarizes the Group entities by tax jurisdiction: Germany accounts for the part of Siltronic AG located in Germany, Singapore for Siltronic Singapore Pte. Ltd., Siltronic Silicon Wafer Pte. Ltd. and a permanent establishment of Siltronic AG located in Singapore, the USA for Siltronic Corp., Taiwan for a permanent establishment of Siltronic AG located there, Japan for Siltronic Japan Corp., Korea for Siltronic Korea Ltd. and mainland China for Siltronic Shanghai Corporation. In addition, there is a sales entity in the form of a permanent establishment of Siltronic AG in each Italy and France. One employee is employed at each of the permanent establishments. For reasons of materiality, these two units are not included in the table.

In Singapore, the income tax expense is lower compared to the amount calculated with the local tax rate. The reason for this is that one taxable entity is still exempted from income tax due to the high level of investment in its production plant.

Tax refunds result from overpayments in the previous year. These can be caused by loss carryforwards or by estimates. In many countries, tax payments are based on estimates made before the end of the year for the year.

Numerical discrepancies between individual items and totals in the following table are due to rounding.

Tax jurisdiction Financial year 2021	Employees [1]	Tangible assets without liquidity [2] EUR million	Sales with third parties EUR million	Sales with group entities EUR million	Result before income taxes [3] EUR million	Expense for (–) / income from (+) income tax [4] EUR million	Cash out for (+) / cash in from (–) income taxes EUR million
Production							
Germany	2,584	798	436	607	75	14	–3
Singapore	1,123	945	533	384	233	12	17
US	355	71	132	102	12	3	–1
Subtotal	**4,062**	**1,814**	**1,101**	**1,093**	**320**	**29**	**13**
Sales							
Taiwan	15	28	177	1	2	1	0
Japan	16	14	89	0	2	1	0
Other [5]	24	10	38	4	2	0	0
Subtotal	**55**	**52**	**304**	**5**	**6**	**2**	**0**
Consolidation				**1,098**	**–8**	**–2**	
Group	**4,117**	**1,866**	**1,405**	**0**	**318**	**29**	**13**

[1] As of year-end, calculated as in section 5 "Personnel matters".
[2] Balance sheet total (in accordance with IFRS) of the entities less intangible assets, deferred taxes and 'liquidity'. Liquidity comprises cash, cash equivalents, sort-term securities and short-term fixed-term deposits.
[3] To increase transparency and avoid multiple counting of profits, dividends within Siltronic Group are not included.
[4] Amount as reported in the income statement (according to IFRS) of the entities. This considers deferrals and deferred taxes. Deferred taxes reflect tax benefits or disadvantages expected in future years on the basis of accounting rules. Benefits are only recorded if they are expected to realize in the next three years.
[5] Includes small sales offices in Korea, (mainland) China, France and Italy. These entities have paid tax expense and also taxes, the figure shown in the table is 0 only due to rounding to full EUR million.

United Nations Global Compact – Communication on Progress 2021

Siltronic has been participating in the UN Global Compact since 2017 and hereby reports on its progress. This overview gives details of the ten principles of the UN Global Compact with reference to the progress on the individual topics of this report in the year 2021. **GRI 102-12**

Ten principles of the UN Global Compact	Relevant headings in this report	Selected measures and progress in the reporting year 2021
Human rights **Principle 1** Support of human rights **Principle 2** Exclusion of human rights abuses	• Corporate ethics at Siltronic • The impact of ethical principles on the organization of Siltronic • Human rights • Partnerships	• Human rights: We have appointed a human rights officer who will in future be responsible for coordinating the issue of human rights and report directly to the Executive Board. • Training – we have trained our employees in general and according to their duties so that they can observe global human rights. • Supply chain – Siltronic purchases substances, goods and services from suppliers and contractors, which comply with human rights requirements. These are an integral part of our purchasing principles. We do not purchase or use any conflict minerals. • Customers – In its dealings with customers Siltronic is committed to respecting human rights and preventing any violations of such rights. • Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman. • RBA – Siltronic continues to serve as a member of the industry initiative Responsible Business Alliance (RBA) and has conducted self-assessments on its production sites.
Labor standards **Principle 3** Uphold freedom of association **Principle 4** Eliminate all forms of forced and compulsory labor **Principle 5** Abolition of child labor **Principle 6** Elimination of discrimination	• Relationship with employee representatives and employees' rights • Diversity • Sustainability with regard to customers • Human rights • Partnerships	• Human rights: We have appointed a human rights officer who will in future be responsible for coordinating the issue of human rights and report directly to the Executive Board. • Employee rights: a majority of employees is working on sites with employees representatives. • Employee diversity – Siltronic has participated in the "Charta of Diversity" and the "Charta of Equality" and determined targets to increase the share of women by 2023. • Customers – In its dealings with customers Siltronic is committed to ensuring freedom of association, abolition of all types of forced labor and child labor and eliminating discrimination. • Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman. • RBA – Siltronic continues to serve as a member of the industry initiative Responsible Business Alliance (RBA) and has conducted self-assessments on its production sites.
Environmental protection **Principle 7** Precautionary environmental protection **Principle 8** Initiatives for improved environmental responsibility **Principle 9** Development and diffusion of environmentally friendly technologies	• Climate change • Environmental protection measures • The impact of ethical principles on the organization of Siltronic • Dialog at regional levels • Influence of climate change	• Climate strategy: Siltronic has developed a climate strategy and set climate targets: CO_2 emissions will be reduced by 50% by 2030. We have committed to the Science-based-target Initiative to achieve the target. • Training: We participated in the Climate Ambition Accelerator training program. • Measures – Relevant investments to improve corporate environmental protection were implemented with regard to the aspects of air, water and climate change. Siltronic has also implemented energy-efficient programs, which lead to a permanent reduction in energy consumption. • Management system, targets – The Siltronic management system is certified globally according to the standards IATF 16949 for Quality, ISO 14001 for Environment, ISO45001 for Safety; and ISO 50001 für Energy at the German sites. Non-financial targets are implemented to reduce the specific use of raw materials, energy requirements and water consumption, and to increase the recycling rate of waste. • Dialog – The annual sustainability report was prepared and verified by external auditors (non-financial report). Siltronic participated in a peer-learning group of the German Global Compact Network. • Climate change – By researching and developing new technologies, Siltronic has created the foundation for manufacturing smaller and more energy-efficient components which contribute towards preserving resources and protecting the environment.
Anticorruption **Principle 10** Measures to fight corruption	• Corporate ethics at Siltronic • Combating legal violations, particularly corruption and bribery	• Training – We have trained our employees in general and according to their specific duties so that they can observe and comply with anti-corruption policies. • Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption to internal or external functions. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman.

Limited Assurance Report of the Independent Auditor regarding the combined separate non-financial report[1]

To the Supervisory Board of Siltronic AG, Munich

We have performed an independent limited assurance engagement on the separate non-financial report of Siltronic AG, Munich (further "Company" or "Siltronic AG"), and on the non-financial statement of the parent company that is combined with it, (further "combined separate non-financial report") for the period from January 1 to December 31, 2021.

Management's Responsibility
The legal representatives of the Company are responsible for the preparation of the combined separate non-financial report in accordance with Sections 315b, 315c in conjunction with 289b to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation") and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU-Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "EU-Taxonomy" of the combined separate non-financial report.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the combined separate non-financial report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the combined separate non-financial report that is free of – intended or unintended – material misstatements.

The EU-Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section "EU-Taxonomy" of the combined separate non-financial report. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Practitioner's Responsibility
It is our responsibility to express a conclusion on the combined separate non-financial report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the combined separate non-financial report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB and with the EU-Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU-Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "EU-Taxonomy" of the combined separate non-financial report. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of Group level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Siltronic AG
- A risk analysis, including media research, to identify relevant information on Siltronic AG's sustainability performance in the reporting period
- Reviewing the suitability of internally developed Reporting Criteria
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and anti-corruption and bribery matters
- Inquiries of Group level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures

[1] Our engagement applied to the German version of the combined separate non-financial report 2021. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at Group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample taken at the site in Burghausen, Germany
- Assessment of the overall presentation of the disclosures
- Inquiries of Group level personnel in order to understand the processes for identifying relevant economic activities according to the EU-Taxonomy Regulation
- Understanding the design and implementation of systems and processes for the identification, processing and monitoring of turnover, capital expenditure and operating expense disclosures for taxonomy-eligible economic activities
- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the combined separate non-financial report

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU-Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of Siltronic AG for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with Sections 315b and 315c in conjunction with 289b to 289e HGB and with the EU-Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section "EU-Taxonomy" of the combined separate non-financial report.

Restriction of Use / General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of Siltronic AG, Munich, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Siltronic AG, Munich, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (*https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf*). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Munich, March 8, 2022
PMG AG Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Hanshen	Vogl
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]