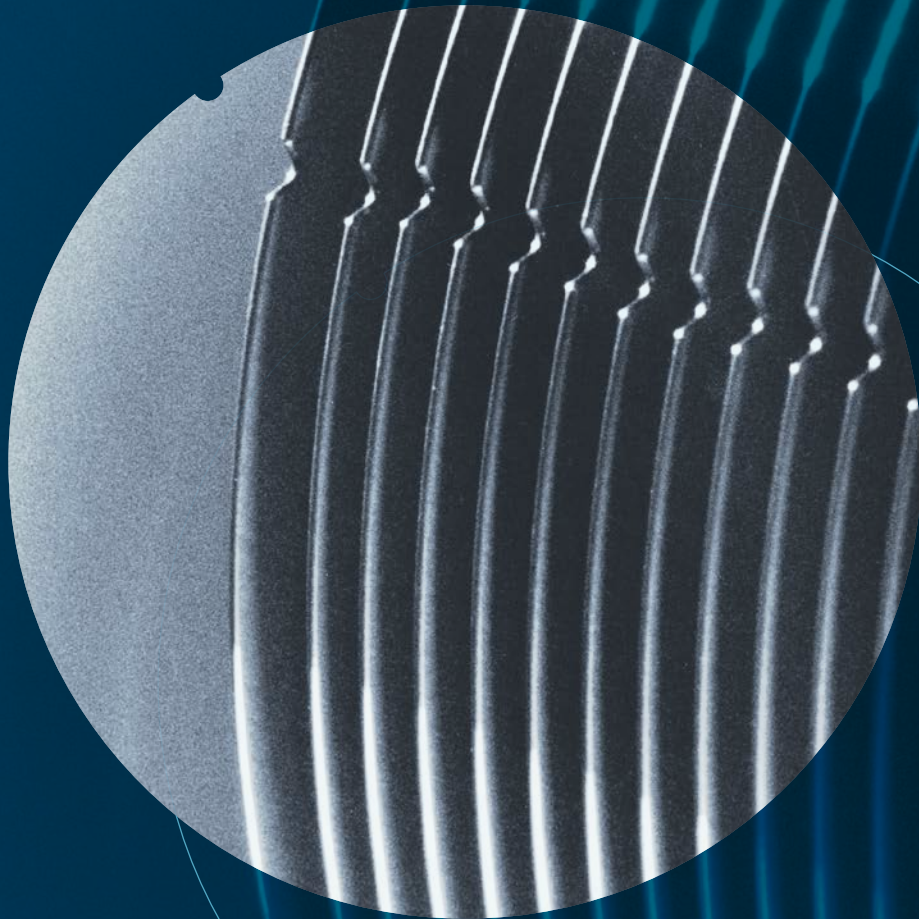


Quality.
Precision.
Wafer.



Non-financial report

Extract
from the Annual Report 2022



Non-financial report 2022 issued by Siltronic AG, Munich

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

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Interview with the Executive Board

GRI 2-22

"In 2022, we reduced our CO₂ emissions by more than 10 percent. This brings us a giant step closer to our goal of halving the CO₂ emissions by 2030."

Rainer Irle, CFO

What does sustainability mean to Siltronic and how is it embedded in its strategy?

Dr. Christoph von Plotho: For us, sustainability means responsibility towards suppliers, customers, employees, shareholders, society and the environment. Sustainability is, therefore, firmly anchored in our corporate strategy. We aim to align the impact of our business activities with the expectations and needs of these stakeholders, and to this end we regularly assess the opportunities and risks.

Along our value chain, we pay attention to the responsible use of resources, environmental protection, efficient production processes, attractive working conditions, health protection and occupational safety, and compliance with human rights.

What external influences affected Siltronic and its sustainability strategy in fiscal 2022?

Dr. Christoph von Plotho: 2022 was a challenging year in many respects, marked above all by macroeconomic and geopolitical upheavals.

The war in Ukraine led to an energy crisis that hit Europe particularly hard. The necessary restructuring of energy supply and the associated decarbonization have therefore become even more important than before. Despite intensive efforts to combat the Corona pandemic, it was unfortunately still not fully contained in fiscal 2022. The pandemic has further accelerated the trend toward digital transformation in business and private life.

At Siltronic, we see these global challenges as a major opportunity. Semiconductors, which are largely made from silicon wafers, are important for decarbonization and digital transformation. We are, therefore, firmly convinced that our product is one of the key elements in creating a sustainable future.

What were the key events for you in 2022 in terms of sustainability?

Rainer Irle: Siltronic has been a member of the Science Based Targets Initiative since 2021 and has set itself the goal of halving direct greenhouse gas emissions (Scope 1+2) by 2030 and reducing them to near zero by 2045. In 2022, we significantly exceeded our reduction target. Despite a slight increase in production volumes, greenhouse gas emissions (Scope 1 and 2) fell by more than 10 percent. In the reporting year, we also decided to install a photovoltaic system at our production site in Portland, which will contribute to our self-imposed climate target as early as 2023.

Furthermore, investments are continuously being made in the renewal of equipment at existing production buildings to increase energy efficiency, for example in state-of-the-art heat exchangers that lead to significant CO₂ savings per year.

Another project that progressed with great strides in the reporting year was the construction of our new 300 mm fab in Singapore. To finance this fab, a promissory note loan was issued in June 2022 with an interest rate linked to Siltronic's sustainability development. This shows that we are strengthening our growth strategy based on sustainable and responsible action and taking account of our strategy.

In fiscal 2022, we also installed a digital whistleblowing system that now enables individuals to report violations of relevant human rights or environmental risks that have arisen as a result of the economic activities of the company or of a direct supplier.

What contribution does Siltronic’s product make to protecting the environment?

Dr. Christoph von Plotho: Without silicon wafers, there would be no digitization, no electromobility, no decarbonization – in other words, no energy revolution. Silicon wafers are part of almost all electronic components that make our lives more digital and thus simpler, safer and more environmentally friendly. Our technologies create the basis for the production of smaller and more energy-efficient components in modern electronics. In this way, we help to conserve valuable resources and reduce global carbon dioxide emissions.

In addition, our employees face the daily challenge of making our processes better, safer, simpler and more environmentally friendly, thus further increasing the sustainability of our product. Together, we want to live up to our responsibility to reconcile the impact of our business activities with the expectations and needs of the society.

What does social responsibility mean for Siltronic?

Rainer Irlé: Our employees are our most valuable asset and the foundation of our success. We cultivate respectful, honest and open cooperation. We see the diversity of people as an enrichment. Our goal is to become even more diverse and, in particular, to bring even more women and employees with different cultural experiences into middle and senior management positions. With this in mind, we have set ourselves the goal of increasing the proportion of female managers in the first management level from 14 percent to over 20 percent between June 30, 2020 and June 30, 2023. We are very pleased that we have already almost reached this target, currently at 20 percent. Furthermore, we support the compatibility of family and career with various measures. Promotion of occupational safety and health is deeply anchored in our business processes.

What is your stand on initiatives such as the Global Compact and Responsible Business Alliance?

Dr. Christoph von Plotho: Siltronic has been a member of the United Nations Global Compact since 2017, thus implements the ten principles of the Global Compact initiative on the protection of human rights, social and environmental standards and the fight against corruption with great care. For years, these ten principles have formed an essential basis for our commitment as a socially responsible company.

Furthermore, Siltronic has been a member of the Initiative Responsible Business Alliance (RBA) since 2019 and, as a supplier to the electronics industry, is guided by the RBA Code of Conduct, through which leading companies in the electronics industry worldwide demand and promote a sense of social and environmental responsibility and ethical business practices. Siltronic also works in accordance with the 17 Sustainable Development Goals (SDGs) of the United Nations.



Dr. Christoph von Plotho
CEO



Rainer Irlé
CFO



1. The framework for this non-financial report

In this summarized separate non-financial report or sustainability report, we supplement the economic aspects presented in the consolidated financial statements and summarized management report of Siltronic AG primarily with ecological and social aspects and explain how we reconcile these aspects.

In our understanding, sustainability means positively influencing future conditions in the ecological, economic and social spheres through our actions today. The background to this non-financial report is therefore the question of how Siltronic contributes to the improvement or deterioration of ecological, economic and social conditions at local, regional and global level.

We believe that acting in a positively sustainable manner brings benefits to Siltronic itself. By increasing the efficiency of raw material use or the efficiency of energy use, we safeguard our earning power. Earning power is important in order to provide our workforce with above-average social benefits and to offer a wide range of further training measures. An educated and committed workforce is more capable of discovering new ideas in research and development. In the medium and long term, this has a beneficial effect on our earning power. A virtuous circle is created that is not only positive for stakeholders and the environment, but also for Siltronic.

The Group entities included in this report are identical to those in the audited consolidated financial statements (for the names, registered offices and ownership structure of the companies included, please refer to the audited consolidated financial statements). In line with the consolidated financial statements, the reporting period comprises one calendar year. As in the preparation of the consolidated financial statements, similar items are treated uniformly throughout the Group in the non-financial report. **GRI 2-1, 2-2, 2-3**

There were no sales, acquisitions or mergers of Group entities in the reporting year. The business model is unchanged from the previous year and there were no significant changes in the value chain. **GRI 2-2, 2-6**

The non-financial report is available to the public in German and English, by publication on the Internet at <https://www.siltronic.com/en/our-company/sustainability.html>. Questions about the report can be addressed directly to the Investor Relations department of Siltronic AG. **GRI 2-3**

This report is prepared with reference to the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and aligned with the Sustainable Development Goals of the United Nations and the Code of Conduct of the Responsible Business Alliance (RBA). In addition, information on our social responsibility is provided where relevant for reporting on the progress of the United Nations Global Compact ("United Nations Global Compact – Communication on Progress 2022"). **GRI 2-3**

This Non-Financial Report for the year 2022 has been reviewed by the Supervisory Board of Siltronic AG. Furthermore, the Supervisory Board has commissioned an auditing firm to perform a corresponding audit. Accordingly, KPMG AG Wirtschaftsprüfungsgesellschaft has audited the non-financial report using the standard ISAE 3000 to obtain limited assurance on the disclosures pursuant to sections 315c in conjunction with sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB) as well as Art. 8 of the EU Taxonomy Regulation. KPMG AG Wirtschaftsprüfungsgesellschaft has also been engaged to audit the consolidated financial statements including the management report of Siltronic. **GRI 2-5**

2. The Siltronic business model and our ethical principles

Section 289c para. 1 of the German Commercial Code

The business model of Siltronic

Siltronic is a globally active manufacturer of wafers, slices of high-purity silicon for the semiconductor industry. Since wafers are the basic material for computer chips, almost all of our customers are manufacturers of semiconductors (“chip manufacturers”). The supply of our customers is almost without exception based on a long-term business relationship, hence supply contracts of several years’ duration exist with a number of major customers. The notes to the consolidated financial statements contain a breakdown of sales and capital expenditures by country and region. [GRI 2-6](#)

Wafers are produced by melting high-purity silicon and extracting a crystal from the melt by means of a drawing process. The crystal is sawn into individual wafers, which are then polished and packaged after a final inspection. The five most important cost types for our production in terms of amount are (in alphabetical order) depreciation, energy, supplies, personnel and raw materials. [GRI 2-6](#)

The equipment park consists to a large extent of machines for pulling crystals, furnaces, measuring equipment, cleaning systems and machines for mechanical and chemical treatment of the wafer surface. The production of wafers takes place to a large extent in clean rooms. From our four production sites in Germany, Singapore and the USA, we ship our wafers directly to our customers’ semiconductor fabs, which are located (in alphabetical order) in Europe, Mainland China, Israel, Japan, Korea, Malaysia, Singapore, Taiwan and the USA. Production, administration and sales are located at each of the four largest sites. In addition, we operate small sales units in another six countries (Mainland China, Japan, South Korea, Taiwan, France and Italy). [GRI 2-1, 2-6](#)

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

The sustainability of our product

Reduction of CO₂ emissions and increase of energy efficiency has highest social importance

In December 2015, at the United Nations Climate Change Conference in Paris, 195 countries and the EU agreed to reduce man-made global warming to no more than 2°C compared to the average for the years 1850 to 1900. Efforts are also to be made to limit the increase to 1.5°C. Agreements at subsequent United Nations climate conferences have underpinned the importance of these climate targets.

In addition to already high CO₂ emissions, the world’s population is growing. The United Nations expects the current human population of just under 8 billion to increase by about 20 percent over the next 25 years. This will drive up energy demand and thus CO₂ emissions.

Against this background, we are aware that reducing CO₂ emissions and increasing energy efficiency are of the utmost importance to society. With this awareness, we asked ourselves what the impact of our product is.

Characteristics of our product

Our wafers are very closely linked to computer chips because our customers – the manufacturers of semiconductors – transform wafers into chips through physical and chemical processes. Wafers with special physical and chemical requirements are needed for the production of energy-efficient chips.

The most important end markets for demand for our wafers are smartphones, computers including servers, consumer electronics including household appliances, industry and automobiles. Almost all of our wafers go to these five end markets and all five end markets are essential for us.

Impact of our wafers on energy efficiency

Our innovations in wafer production have a strong impact on increasing the energy efficiency of chips. This has a particular impact on smartphones, computers including servers, household appliances and electric vehicles. There are two reasons for this:

- Firstly, power requirements drop decisively when our customers can incorporate smaller transistors and shorter conductor tracks into wafers. The resulting increase in energy efficiency in the chip is usually so high that a new chip operates with significantly more power than its predecessor while requiring significantly less energy. To achieve this, wafers must meet constantly and significantly increasing physical and chemical requirements. To this end, we spend many millions of euros each year on research and development and generally invest a two- to three-digit million euro amount in new machines. Only with state-of-the-art machines is it possible to produce technologically leading wafer types.

53 percent of our sales are accounted for by such wafer types.

- Chips that control electricity flows are manufactured from certain types of wafers. These chips are also called power semiconductors. Without power semiconductors, for example,

modern household appliances would be inconceivable, LED lighting in the form we know it would not exist, and neither would small power adapters or chargers. Almost one third of our sales relate to wafers used for power semiconductors.

- To make power semiconductors more energy-efficient, we have developed special wafer materials with low oxygen content. Chips of this type have a power-saving effect in devices in which high direct and alternating currents are converted. Examples include the current flow between the electric motor and battery in an all-electric car, between a charging station and an electric vehicle, or between the power grid and the generation of electricity from renewable sources (mainly wind turbines, photovoltaics). Without the supply of special wafer materials, the energy efficiency of many electrical products, including electric vehicles, would be significantly lower. Wafer types made from these special wafer materials account for 15 percent of our Group sales.

In addition, we are developing a new wafer material in the form of gallium nitride. The resulting wafer type is expected to make the charging process of electric vehicles and other devices significantly more energy efficient and faster. It would also increase the range of electric vehicles.

Conception and design of new wafer types or wafer materials and environmental impact

Siltronic's goal is to disproportionately increase the share of the above two categories of wafer types or wafer materials that are transformed into energy-efficient chips over the next few years.

Research and development are crucial for the conception and design of new wafer types or wafer materials. This is the basis for subsequent manufacturing, as the physical and chemical characteristics of wafer types or wafer materials are inextricably linked to the manufacturing process.

Siltronic spent EUR 89.5 million on research and development in 2022, which corresponds to around 5 percent of sales. The vast majority of these costs were attributable to the two wafer types or wafer materials described above. This allocation is based on projects and budgets approved by the Executive Board. We expect that the allocation of resources to research and development will have a positive impact on the environmental impact of future product sales.

Impact of wafer manufacturing on the environment and our Climate Action Plan

We have departments that are primarily concerned with monitoring and analyzing the effects of our wafer production on the environment. These are the Environment, Health and Safety (EHS) department and the Corporate Responsibility department. The main findings of these departments are presented in the chapter "Environmental aspects". [GRI 2-13](#)

Siltronic has already significantly reduced its Scope 1 and 2 greenhouse gas emissions compared with 2015. This was mainly due to projects to increase energy efficiency within the company.

In order to make a greater contribution to limiting global warming to 1.5 degrees Celsius, or at least to well below 2 degrees Celsius in accordance with the Paris Climate Agreement, we have decided to reduce absolute Scope 1 and Scope 2 emissions by more than five percent annually and to reduce CO₂ emissions by 50 percent by 2030 compared with 2021. Siltronic publishes its climate targets with the Science Based Targets Initiative and will continue to report on progress annually.

Scope 3 emissions are to be reduced by 25 percent by 2030 compared to 2021.

To achieve the CO₂ reduction targets for Scope 1 and Scope 2 emissions of the above-mentioned 50 percent by 2030, we have set up a Climate Action Program. This covers all production sites and comprises three levers:

- Increasing energy efficiency
- Own generation of electricity from renewable energies
- Promotion of projects and procurement of electricity from renewable energies

Electricity from renewable energies is to contribute a share of around 80 percent to the reduction of CO₂ emissions by 2030. The remaining necessary savings are to be made possible by increasing energy efficiency and reducing energy intensity.

Feasibility studies have been and are being carried out at the Portland, Freiberg and Singapore sites for the in-house generation of electricity from renewable energies. As a result, the installation of a large photovoltaic plant in Portland was approved by the Board of Management, which is scheduled to go into operation in 2023.

Electricity from renewable energies was procured for 2022 via unbundled green electricity certificates (Guarantees of Origin or Renewable Energy Certificates) at the Burghausen, Freiberg and Portland sites. At the end of 2022 the negotiation of a Power Purchase Agreement (PPA) for the supply of electricity from renewable energy including the associated Guarantees of Origin for the Burghausen and Freiberg sites started. Under this agreement, electricity from renewable sources will be supplied from 2024 to 2033. In the long term, further PPAs are to be concluded at other locations in order to achieve the CO₂ reduction targets by 2030, and existing contracts are to be switched to green electricity tariffs.

Corporate ethics at Siltronic

Companies need the trust of society to be economically successful. To ensure that Siltronic's business is conducted responsibly and in compliance with all legal requirements, we have developed a business ethics program consisting of various guidelines. The guidelines provide rules for ethical and lawful conduct. They also implement procedures and measures to ensure compliance with the regulations and prevent the possibility of compliance violations. Employees and business partners are required to follow these guidelines. Internally, this is ensured through training (for example, regular compliance training) and process regulations.

The most important guidelines are listed below and are also publicly available on the Siltronic AG website:

- **Code of Conduct:** We have drawn up a Code of Conduct for our Group which provides a binding framework for responsible and law-abiding behavior. Compliance with the Code is mandatory for all employees. The Code of Conduct deals in particular with the topics of behavior towards one another, leadership as a role model, dealing with business partners, handling information, separation of private and corporate interests, quality, safety, health and the environment, as well as social responsibility and compliance reporting. [GRI 2-23](#)
- **Voluntary commitments:** 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, and annually publishes Commu-

nication on Progress. We are a signatory to the Diversity Charter and the Equality Charter and are thus committed to actively implementing and promoting equal opportunities and diversity within the company. Siltronic is a member of the Responsible Business Alliance (RBA) and, as a supplier to the electronics industry, is guided by the RBA Code of Conduct. Through this initiative leading companies in the electronics industry worldwide demand and promote social and ecological responsibility and ethical business practices. Siltronic has also joined the Science Based Targets Initiative. This initiative drives ambitious climate protection measures in the private sector by enabling companies to set science-based targets for reducing emissions.

GRI 2-23

Internally, these are among the most important guidelines in terms of corporate ethics:

- **Legal & Compliance Policy:** The detailed provisions of this policy provide employees with a framework for ethical behavior in Siltronic's business environment. Among other things, it addresses the fight against corruption, the avoidance and handling of conflicts of interest, and the prevention of money laundering. In addition, the policy encourages employees to report compliance incidents and implements procedures and measures for handling information. These include requirements for archiving and storing data and documents, including the length of time for which they are to be stored. [GRI 2-23](#)
- **Rules of Procedure Compliance Notifications:** This regulation deals with the handling of compliance reports. It orders investigative measures to be taken in the event of a substantiated suspicion of a compliance violation. It also requires the implementation of remedial and preventive measures. It also contains a prohibition on retaliation for compliance violations reported in good faith. [GRI 2-23](#)
- **Conflict Minerals Procedure:** This procedural instruction is intended to ensure responsible procurement. For details, see [p. 29](#). [GRI 2-23](#)
- **Know Your Business Partner-Process:** The process is designed to ensure that Siltronic complies with the regulatory and thus also ethical requirements for relationships with business partners. For details, see [p. 31](#). [GRI 2-23](#)

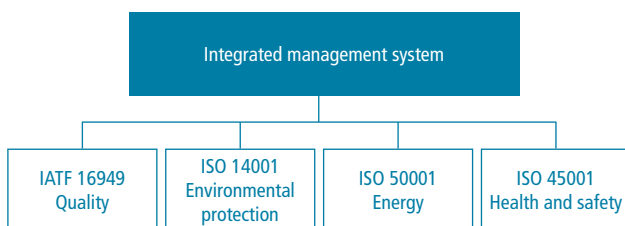
The impact of ethical principles on the organization and processes of Siltronic

The above-mentioned guidelines have an impact on Siltronic’s organizational structure and processes. The main organizational measures for implementing the ethical principles are (a) an integrated management system, (b) central management of corporate responsibility issues with a new staff unit and a direct reporting channel to the Executive Board, (c) coordination of EHS issues from a separate department dealing with environmental protection, health protection, plant safety and occupational safety, and (d) the structure of recurring reporting to the Executive Board and Supervisory Board. **GRI 2-13**

We control our operating processes via our Integrated Management System (IMS). The IMS describes processes and responsibilities and defines Group-wide standards with regard to quality, energy, environmental protection, plant safety, occupational safety and health protection, among other things. **GRI 2-24**

The standards are based on national and international norms, laws, customer requirements and our own principles. We have the IMS certified by a globally active service provider. The certifications relate to the standards ISO 14001:2015 for environmental protection, ISO 45001:2018 for occupational health and safety, ISO 50001:2018 for energy management at the German sites, and IATF 16949:2016 for quality management systems.

Group management system



We have installed a compliance system to prevent, identify, process and, if necessary, sanction business-related legal violations. Our compliance management system is regularly reviewed and enhanced for this purpose. Siltronic’s compliance organization is responsible for this. To this end, the company has appointed compliance officers in all active units. These officers coordinate compliance activities within the Group, provide advice on compliance and are the point of contact for questions and training. Employees who have contact with business partners are required to complete an e-learning course on compliance. As a protected way of reporting violations, we have appointed an external ombudsman to whom our employees and third parties can anonymously report violations of legal requirements. We also set up a publicly accessible digital whistleblower system. The Chief Compliance Officer reports monthly and on an ad hoc basis to the Executive Board of Siltronic AG and quarterly to the Audit Committee of the Supervisory Board. **GRI 2-13, 2-26**

As a company with complex chemical and mechanical processes, we have a special responsibility for the operation of our plants and for the protection of people and the environment. For this reason, there are employees at the production sites who are specially trained in the areas of environmental protection, health protection, plant safety and occupational safety. These are combined in the local Quality Management & Sustainability departments. As the parent company in Germany has Group-wide responsibility for quality and sustainability systems, the department in Germany defines the systems and guidelines that apply throughout the Group. This department reports directly to the Chairman of the Executive Board. The allocation of responsibilities among the members of the Executive Board is presented in the management report. **GRI 2-13, 2-24, 3-3**

Changing regulatory and ethical requirements are monitored by the Compliance department and the specialist departments. As part of the Know Your Business Partner process and the Conflict Minerals Policy, but also as part of regular audits by our purchasing department, suppliers are reviewed and assessed for their ethical business conduct and risks in the area of business ethics (e.g. audit based on RBA criteria). **GRI 2-13**

Corporate Responsibility, Human Rights Officer

The Corporate Responsibility department coordinates the implementation of Siltronic's sustainability strategy. The head of the department reports directly to the Executive Board at regular meetings. [GRI 2-13](#)

The implementation of the sustainability strategy involves in particular the company's officers responsible for climate protection, water safety and human rights, as well as those responsible for the production sites. Corporate Responsibility team meetings are held on a regular basis for this purpose.

In addition, Corporate Responsibility handles inquiries from external stakeholders on sustainability issues. This relates in particular to customers, investors, rating agencies and external initiatives. External initiatives include in particular CDP, the Science Based Targets Initiative (SBTi), the Responsible Business Alliance (RBA) and the UN Global Compact. [GRI 2-24](#)

The Head of Department has been appointed as Siltronic's Human Rights Officer and also reports directly to the Executive Board in this capacity. [GRI 2-24](#)

Risk management

In order to identify and manage the variety of potential risks associated with business activities, the Executive Board has implemented a risk management system that also covers environmental, social and governance (ESG) risks. Part of the risk strategy is to identify these at an early stage, assess them appropriately and limit or avoid them by taking suitable measures. The measures taken and assumptions made are reviewed annually. The individual performance areas at each site are responsible for this.

For the year 2022, there were no reports to the Corporate Risk Officer of acute risks that had arisen.

Further details are provided in the combined management report in the section "Risk and opportunities report".

Non-financial performance indicators within our organization

The management of the Siltronic organization is based on financial performance indicators. Key performance indicators are collected locally and across the Group on a monthly basis and entered into reporting systems, where they are compared with previously defined targets.

Analogous to the financial performance indicators, the non-financial performance indicators are also structured hierarchically according to their relevance. At the top level, the Executive Board has defined six strategic performance indicators, about which it is informed as part 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 2022 are as follows: [Section 289c para. 3 number 5 of the German Commercial Code](#)

- Goal 1 | Management of raw materials – The specific silicon yield (per wafer quantity; normalized to the base year 2015) is at least 104. With a result of 99, the target was not achieved in 2022.
- Goal 2 | Climate change / energy – Reduction of CO₂ emissions Scope 1 and 2 by 50 percent until 2030 (base year 2021). The interim target for 2022 was not to exceed 225,134 metric tons of CO₂ eq emissions. The target was achieved, with only 214,343 metric tons of CO₂eq emitted.
- 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 70.8 in 2022. With a result of 70.7 the target was not achieved in 2022.
- Goal 4 | Management of water – The specific water withdrawal used for production processes (specific per wafer area; normalized to the base year 2015) was reduced by an average of 1.5 percent to a maximum of 90.0 in 2022. With a result of 86.2 the target was achieved in 2022.
- 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 3.8 the target was not achieved.
- Goal 6 | Occupational safety – No injuries with loss time because of chemicals shall occur. With a result of 6 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.

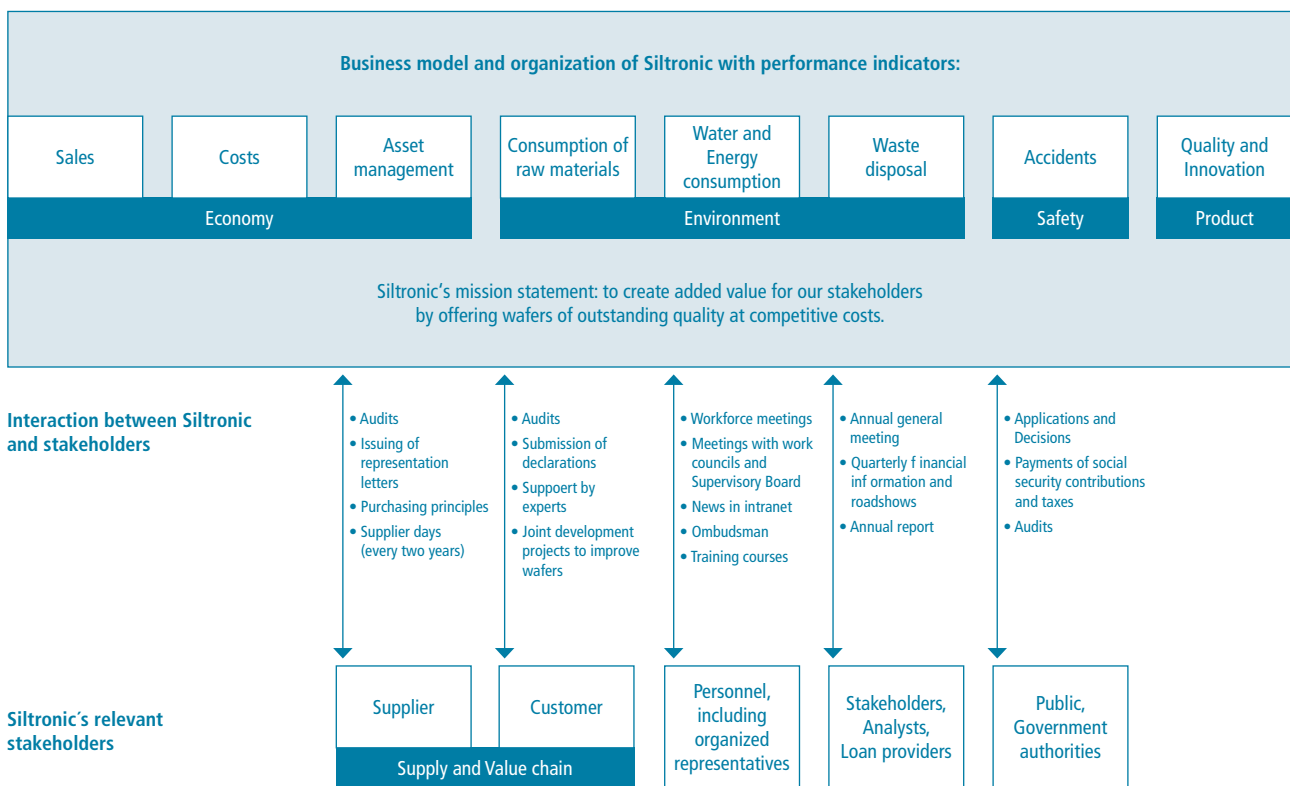
3. Determining the content of this report

Stakeholders relevant to Siltronic

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 relevant is mainly based on the number and scope of interactions with these stakeholders and the involvement of our managers.

The following chart shows the most relevant interactions and their frequency of interaction. [GRI 2-29](#)

GRI 2-29



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 – Occupational safety and health protection	G5 – Compliance Management
E6 – Air Emissions	S6 – Communication	G6 – Business Strategy
E7 – Environmental protection and compliance	S7 – Conflict 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 (“outside in”) and the significance of our business activities for the respective topic (“inside out”) 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 expert groups
- Evaluation of published information from customers, suppliers and competitors
- Requirements and assessments by rating agencies
- Exchange with network partners in the German Global Compact Network and at Responsible Business Alliance
- Internal company requirements and specifications

As part of the 2022 materiality analysis, the following nine material topics relevant to the company and external stakeholders were identified and approved by the Board of Management: [GRI 3-1, 3-2](#)

Material topics	Stakeholder		ESG		
	Company	External	Environment	Social	Governance
Energy	x	x	x		
Climate change	x	x	x		
Environmental protection and compliance	x	x	x		
Plant safety	x	x	x		
Occupational safety and health protection	x	x		x	
Human Rights	x	x		x	
Compliance Management	x	x			x
Risk management	x	x			x
Data security	x	x			x

We plan to conduct the materiality analysis every two years. Compared to the last materiality analysis, the importance of the topics S1-Human Rights and G7-Data Security was newly classified as high and thus as material. The importance of the topics E1-Product sustainability, E4-Waste, E5-Water, S9-Customer sustainability and G6-Business/corporate strategy was newly classified as medium or low in the 2022 materiality analysis. Despite this, these topics will continue to be covered in the report presented below. [GRI 3-2](#)

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



Assessment of environmental aspects and scope

We assess our environmental aspects annually using an ABC analysis and set targets and improvement programs at site level for the relevant aspects. For 2022, we have identified the following relevant environmental aspects: Energy: electricity consumption; Water: water withdrawal; Air: NO_x emission; Soil: Waste volume and soil contamination.

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

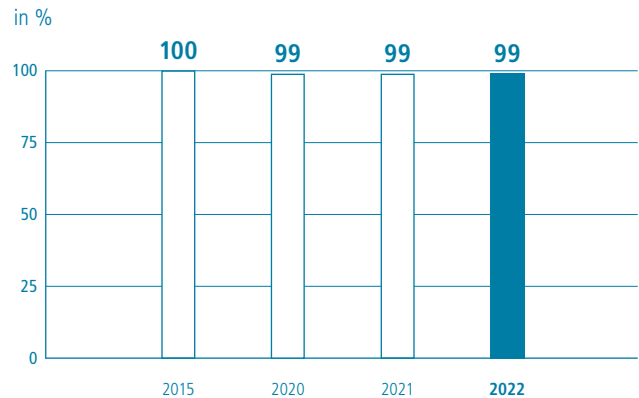
Management of raw materials and supplies

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 strive to use silicon as efficiently as possible. In this way, we contribute to reducing environmental impact and it helps us to remain competitive. In particular, the performance indicator "efficiency of silicon use" ensures that silicon residues are reintroduced into our production cycle, that production 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 emergence of new ideas that are tested. If it becomes apparent that their use in production is promising, investments are made to implement them.

The following diagram shows the annual development of the key figure "Efficiency of the use of silicon" (base year 2015 normalized):

Development of the efficient use of silicon



The increasing physical and chemical demands on wafer specifications have a positive effect on the energy efficiency of electronic devices, but a negative effect on the efficiency of silicon use: We tend to have to use more silicon to produce wafers that meet the more stringent specifications. While not all wafer types are affected by the more demanding specifications, a great many are. In addition, the product mix resulting from customer orders has an impact on silicon efficiency.

We were unable to achieve the target value for the key performance indicator "efficiency of silicon use" due to a change in the product mix and very high production capacity utilization. Despite the high level of target achievement, we will not relax our efforts to further reduce silicon usage.

Apart from the raw material silicon, auxiliary materials such as chemicals, gases, and polishing agents play a role in our production process. As the individual auxiliary materials are of minor importance to us compared with silicon, no performance indicators were reported to the Executive Board. Nevertheless, we are continuously working on improving our production processes with the aim of achieving lower specific consumption of auxiliary materials. Specific reduction generally results from recycling (e.g. reductions in polishing agents and cleaning baths). Progress is measured primarily in quantitative terms and compared with set targets after one to 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-intensive industry.

In 2022, energy consumption totaled 776 GWh, thus increased by 0.8 percent compared to the previous year. Electricity is by far the most important source of energy. [GRI 302-1](#).

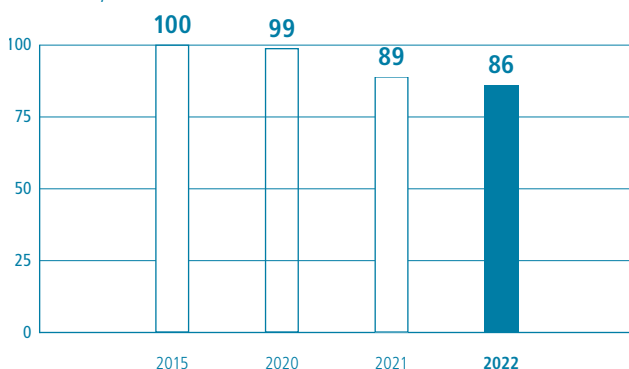
Energy consumption

in GWh	2015	2020	2021	2022
Electricity	574.0	606.1	650.0	666.2
Steam, heat	72.0	68.2	70.9	65.1
Natural gas	40.0	43.6	48.6	44.3
Fuel oil	10.0	2.5	0.7	0.9
Total	696.0	720.4	770.1	776.4

Siltronic purchases electricity from the public grid. About 52 percent of the electricity is consumed in Germany. According to the Federal Association of the Energy and Water Industry (BDEW), 47 percent of the electricity consumed in Germany from public grids has its origin in renewable sources (previous year: 42 percent), 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 lighting, adjusting of cooling water demand and further process optimizations.

The key performance indicator “efficient use of energy” is reported to the Executive Board on a regular basis and targets are set 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 have contributed to the achievement of the 2022 target, which in total correspond to a sustainable reduction in energy consumption of 16.9 GWh per year (previous year: 4.8 GWh) and an equivalent value of around EUR 2.7 million (previous year: EUR 2.5 million) or 4,858 tons of CO₂ eq (previous year: 1,737 tons). The annual target of an average reduction in energy intensity of 1.5 percent was achieved in 2022. [GRI 302-4](#)

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

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 container (Hybox), which can contain up to twelve FOSB. As both elements of this reusable packaging system affect customer production processes, the customer must agree to the use of this reusable system.

Transport box (Hybox) – In 2022, 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 2022 by 23.136 m³ (previous year: 21,434 m³) and avoid 2,183 tons of waste from single packaging in 2021 (previous year: 2,022 tons).

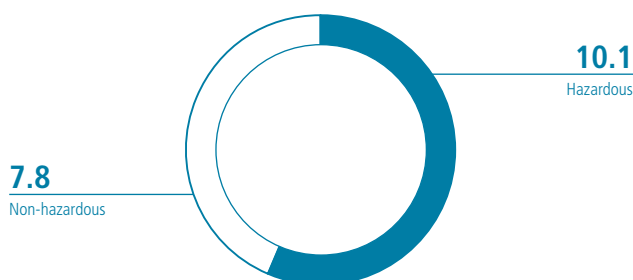
Inner packaging (FOSB) – In addition we aim to increase the rate of reusable wafer boxes (FOSB). In 2022, we significantly exceeded our target of a reuse rate of at least 40 percent with a result of 53 percent. As these boxes are also used in cleanrooms, the technological obstacle to use reusable wafer packaging is very high. It will therefore be a continuous 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:

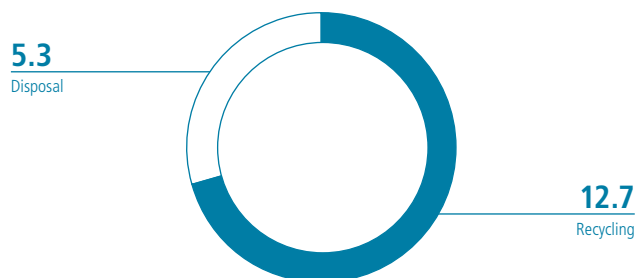
Composition of the waste GRI 306-2

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 2022, a total of 17,899 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	2020	2021	2022
Recycling ratio	63.8	70.3	72.4	70.7

in t	Non-hazardous	Hazardous	Total
Recycling	7,217	5,432	12,649
Disposal	547	4,703	5,250
Total	7,764	10,135	17,899

In 2022 the waste recycling ratio was 70.7 percent (previous year: 72.4 percent). The strategic goal of increasing the waste recycling rate by 1.5 percent in 2022 was not achieved. Since the base year 2015, the recycling rate has thus been increased by 11 percent with a slight reduction in waste intensity. [GRI 306-4](#), [306-5](#)

Management of water

We carry out an annual assessment of our production sites regarding water risks. Physical, legal and reputational risks are identified and assessed for each water catchment area. The physical risks are based on the aspects of water scarcity and water quality. In 2022, an analysis carried out together with CDP produced the following results for our production sites: [GRI 303-1](#)

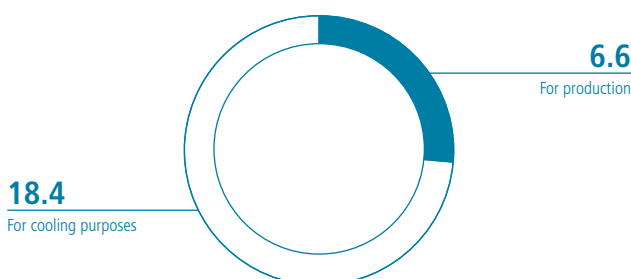
Water risk assessment per site	Burghausen	Freiberg	Portland	Singapore
Physical	high	medium	medium	medium
Legal	very low	very low	very low	very low
Reputation	low	low	low	low
Total risk	medium	medium	medium	medium

Usage of water

We use cooling water in our production facilities as flow-through coolers or evaporative coolers. For both types, appropriate safety concepts ensure that there is no contamination of the cooling water subsequently discharged. In the reporting year, the demand was 18.4 million m³. The demand for the production of wafers and wafer material was 6.6 million m³ in 2022. Most of this water is used in cleaning steps and relates to ultra-pure water of the highest quality. Water of such purity is necessary to be able to achieve the extremely high requirements for the purity of wafer surfaces. In 2022, we used around 6 million m³ of ultra-pure water. [GRI 303-3](#)

Usage of water

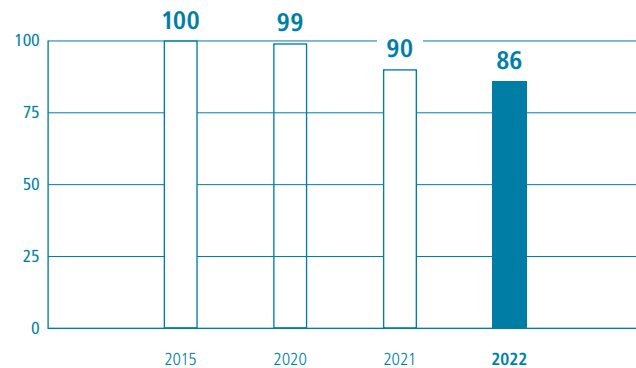
Usage of water
in million m³



Our efforts to use water responsibly are also reflected in the fact that one of the six key non-financial performance indicators relates to water consumption. The indicator relates the amount of water used in production to the wafer area. The indicator is linked to the target of achieving an average improvement of 1.5 percent per year. The starting point is the year 2015, and the Executive Board is regularly informed about the development of the indicator and its background.

In 2022, the specific water usage was noticeably reduced compared with the previous year. The decrease was achieved due to optimization projects and the high capacity utilization of plants. Since the base year 2015, the specific amount of water used in production has been reduced by more than 13,8 percent. The following chart shows the development of the key figure (base year 2015, normalized).

Water usage for production (specific)
normalized, base 2015



Discharge of wastewater

In 2022, we discharged a total of 6.5 million m³ (previous year: 6.3 million m³) process wastewater in external wastewater treatment plants. Operational wastewater does not include cooling water. [GRI 303-4](#)

We monitor chemical oxygen demand (COD) as a relevant wastewater parameter. In the reporting year 2022, the COD value totaled 703 metric tons. Compared to the base year 2015, this corresponds to an increase of 9.6 percent. [GRI 303-2](#)

Wastewater parameters

	2015	2020	2021	2022
Indirect discharge in million. m ³	7.6	6.6	6.3	6.5
COD total in t.	641.4	755.1	724.6	703.2

Water management improvement measures

Wherever possible, water used in a production process is reused for other processes. In the reporting year 2022, a volume of 2.6 million m³ of water was reused or recycled in this way (previous year: 2.5 million m³). The water recycling rate for the entire company in 2022 was 27.9 percent (previous year: 26.2 percent).

Water recycling ratio

in % of water volume used	2015	2020	2021	2022
Recycling ratio	24.4	26.2	26.2	27.9

In 2022, the method of calculating the water recycling rate was changed, as a result of which it would be significantly lower than the water recycling rates for 2015, 2020 and 2021. The figures for the previous year have therefore also been adjusted for better comparability.

Our new fab in Singapore, which was under construction throughout 2022, has been equipped with state-of-the-art water systems. Water conservation projects were carried out at the Burghausen, Freiberg and Singapore sites in 2022. In Burghausen, we minimize the use of well water through internal process optimization.

GRI 303-1

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 2022 amounted to 78 metric tons (previous year: 92 metric tons). Despite a significant increase in production volume, NO_x emissions were reduced by 16 percent compared to the previous year. To minimize our NO_x emissions, we use suitable extraction and scrubber systems at all sites. GRI 305-7

NMVOCs and dust were not classified as relevant environmental aspect but will be continuously monitored internally. In 2022, we emitted 55 tons of NMVOCs and 2.3 tons of dust.

Air emissions in t	2015	2020	2021	2022
NO_x	77	92	92	78
NMVOC	38	53	58	55
Dust	1.5	2.3	2.3	2.3

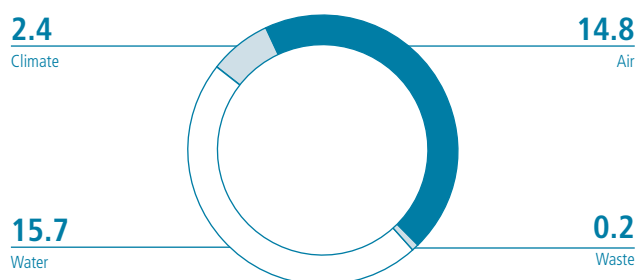
Environmental protection measures

Investments in environment-related improvement measures amounted to EUR 33.1 million in the reporting year 2022 (previous year: EUR 1.9 million). We allocate these investments according to typical environmental aspects, of which EUR 14.8 million accounted for air (previous year: EUR 0.8 million), EUR 0.2 million for waste (previous year: EUR 0.2 million), EUR 15.7 million for water (previous year: EUR 0.8 million) and EUR 2.4 million for climate protection (previous year: EUR 0.1 million). The significant increase compared to the previous year is attributable in particular to investments at the Singapore site.

In 2022, work began at the Burghausen site to install an energy monitoring system and to improve the wastewater treatment facilities. At the Freiberg site, studies were carried out in 2022 to improve emissions behavior in the crystal pulling process with red phosphor. At the Portland site, an exhaust air purification system was installed in 2021, which was commissioned in 2022 and will significantly reduce climate-relevant emissions of N₂O and NF₃ from 2023 onwards. At the Singapore site, new facilities were installed for the collection and treatment of operational wastewater, as well as for waste gas purification.

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, an employee is appointed to be 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 Group-wide carbon footprint reduction is a key element in our contribution to climate protection. In addition to direct greenhouse gas emissions (Scope 1), we also determine indirect emis-

sions from the purchase of energy (Scope 2), as well as emissions in the value chain (Scope 3). We report the calculated greenhouse gas emissions annually as part of the CDP assessment.

Greenhouse gas emissions (in t CO₂ equivalents)

Description according GHG protocol, causes and main sources (in t CO ₂ equivalents)			2015	2020	2021	2022
Scope 1	Direct emission	Natural gas, fuel, climate-impacting gases	12,501	14,707	13,395	10,441
Scope 2 (location based)	Indirect emissions	Electricity, heat	282,549	248,598	252,570	244,082
Scope 2 (market based)	Indirect emissions	Electricity, heat	–	228,228	225,247	203,902
Scope 3 (upstream)	Indirect emissions		–	1,434,373	1,758,772	1,700,053
Scope 3 (downstream)	Indirect emissions		–	1,853,718	1,732,218	2,026,863

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 at our sites result mainly from combustion of natural gas and diesel, as well as by using climate-relevant gases as cooling materials. In 2022, direct emissions were reduced by 22 percent to 10,441 tons CO₂eq. Proportionately, CO₂ emissions from combustion processes were reduced by 15 percent and CO₂ emissions from other climate-relevant gases by 44 percent. Nevertheless, we are continuously working on more effective use and substitution with gases, which have a lower global warming potential. [GRI 305-1](#)

Scope 2: Indirect emissions result from the generation and provision of energy (electricity, heat) by 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. [GRI 305-2](#)

Our internal activities to reduce these emissions currently focus on increasing the efficiency of energy use (Lever 1) and are supplemented by the purchase of electricity from renewable sources via market instruments such as green electricity certificates (Lever 3). While renewable energy self-generation projects were planned (Lever 2), additional voluntary offset mechanisms were not used in 2022.

Lever 1 – Energy efficiency: in 2022, we were able to implement savings projects with a sustainable reduction in energy consumption of 16.9 GWh (previous year: 4.8 GWh). These measures thus contribute to a sustainable reduction of 4,858 tons of CO₂eq. (previous year: 1,737 tons of CO₂eq.).

Lever 3 – Procurement of renewable energy: for the Portland site renewable energy certificates (wind) amounting to 2,053 MWh (previous year: 5,486 MWh) were procured. For the Burghausen and Freiberg sites, Guarantees of Origin from young wind and hydropower plants were purchased for the first time in December 2022 for a total electricity volume of 20,000 MWh. This corresponds to a total share of 3.3 percent of electricity consumption (previous year: 0.8 percent).

As part of Siltronic’s participation in the Science Based Target Initiative (SBTi), we have set ourselves the medium-term goal of reducing Scope 1 and 2 CO₂ emissions by 50 percent by 2030 (base year 2021). We significantly exceeded the corresponding annual target for 2022 (reduction of Scope 1 and 2 emissions by 5.5 percent to a maximum of 225,134 t CO₂eq) with a result of 214,343 t CO₂eq. or 10.1 percent.

As a result, we were able to reduce our CO₂ emissions (Scope 1 and 2, market-based) per wafer area produced by 6.3 percent annually compared to the base year 2015. Since 2015, we have been able to reduce the absolute amount of CO₂ emissions by a total of 27.4 percent (3.9 percent annually on average) or a total of 80,707 metric tons of CO₂eq. [GRI 305-5](#)

Scope 3: These indirect emissions for all 15 categories of the GHG protocol were calculated for the year 2022. 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. [GRI 305-3](#), [305-5](#)

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

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, it is more difficult to increase the energy efficiency of electronic devices, and the integration of electricity from solar and wind farms is unthinkable. [GRI 201-2](#)

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, 2022, Siltronic Group employed 4,488 people (previous year: 4,117), whose breakdown by region was as follows:

Headcount as at December 31, 2022 [GRI 2-7](#)

	Men	Women	Total	Share of total
Europe (Germany and other countries)	2,173	569	2,742	61 %
of which on permanent contracts	1,887	493	2,380	
of which on temporary contracts	286	76	362	
Asia (Singapore and other countries)	1,001	363	1,364	30 %
of which on permanent contracts	999	361	1,360	
of which on temporary contracts	2	2	4	
USA	269	113	382	9 %
of which on permanent contracts	269	113	382	
of which on temporary contracts	–	–	–	
Employees in the Group	3,443	1,045	4,488	100 %

A total of 4,063 employees worked full-time (previous year: 3,687) and 425 employees worked part-time (previous year: 430). Of the part-time workers, 53 percent were women (previous year: 52 percent); 97 percent of the part-time workers were in permanent employment (previous year: 98 percent). The part-time employees were almost exclusively based in Germany. Zero-hours contracts or comparable arrangements do not play a role at Siltronic. [GRI 2-7](#)

Breakdown of employees by region (excluding temporary workers)

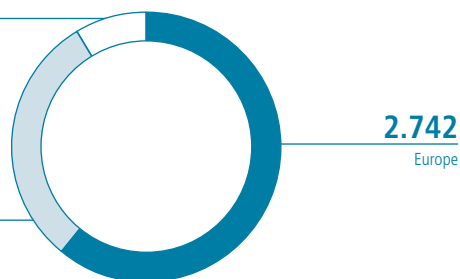
Number

382

USA

1.364

Asia



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. This strategy includes covering a certain proportion of production personnel in Germany with temporary employees, which also protects the core workforce. If there are production peaks due to a pronounced upswing, temporary employees are deployed (i.e., temporary employees at Siltronic are predominantly employed in production). 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 extending 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. [GRI 2-8](#)

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. The last time Siltronic needed to reduce working hours was in 2012. [GRI 2-7, 2-8](#)

On December 31, 2022, Siltronic employed a total of 320 temporary workers (previous year: 351), of which 216 were men and 104 were women (previous year: 245 men and 110 women). The temporary employees are provided by temporary employment agencies. There was no significant seasonality in the employment of temporary staff during the year. [GRI 2-8](#)

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.

The workforce in Germany has always been strongly unionized. Since employees are not required to disclose union membership and it is not permissible for the employer to ask, we do not know the number of union members. The remuneration of 61 percent of employees is covered by collective agreements. This value refers to the employees working in Germany. [GRI 2-30](#)

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 without an established employee representation, employees are appointed to act as contact persons for employee issues.

In addition to remuneration and working hours, the 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, 2022, 20 employees were on parental leave (previous year: 21), of which 17 were women (previous year: 19), and 3 were men (previous year: 2). [GRI 401-3](#)

As of December 31, 2022, at our production site in Singapore, we employed in total 983 foreign employees mainly from Malaysia (492), mainland China (199) and India (126). In accordance with the industry initiative Responsible Business Alliance (RBA) we apply rules on working hours and fees, which go far beyond legal requirements in Singapore. We commit 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.

Adherence to maximum working hours

The maximum permissible working hours per employee depend on the laws and existing collective and individual agreements in the country of operation. In accordance with our Code of Conduct, we do not tolerate any overruns.

To achieve a very high level of certainty that working hours are not exceeded, we have implemented automated reports and controls. These are designed to prevent and detect overruns of working hours.

Diversity and equal opportunity

Siltronic operates in Europe, USA, and Asia and therefore in a culturally diverse environment. In 2022, the largest Group company, Siltronic AG, employed people from 36 different nations at its German sites (previous year: 39).

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 unequal treatment or disparagement 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 2022, 3 out of 15 positions in the first management level were held by women (previous year: 1 out of 14) and 5 out of 33 positions in the second management level (previous year: 3 out of 30). The declaration 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, 2022)

	Men	Women	Total
Employees in the Group at management level	40	8	48
<i>In percent</i>	83	17	100
Of which first level below Executive Board	12	3	15
<i>In percent</i>	80	20	100
Of which second level below Executive Board	28	5	33
<i>In percent</i>	85	15	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 proportion 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.

Siltronic supports and promotes severely disabled people, and a corresponding inclusion agreement was concluded in 2020. For years, Siltronic has always employed more severely disabled people than required by law. Consequently, the payment of a compensatory levy was not due.

Following the Diversity Charter (2018), Siltronic AG has also signed the IG BCE Equality Charter (2019). By signing this Charter, Siltronic commits itself to actively implement and promote equal opportunities. A corporate culture is cultivated that is characterized by mutual respect and respect for each and every individual. Measures were derived from the survey of 25 female employees conducted in 2021 and implemented in 2022, as well as special seminars for women. The aim is to make their own performance more visible and to use their personal success factors.

Advanced training

Competent employees keep the company both innovative and competitive. We encourage our employees to be lifelong learners 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. [GRI 404-2](#)

In 2022, at our sites in Burghausen and Freiberg 11 young persons started their apprenticeship as mechatronics engineers, electronics engineers, industrial mechanics and industrial clerks. We also recruited four 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 corporate culture.

Employees and their managers discuss development measures at least once a year in a performance review. This applies to all levels of employees and locations.

In the year under review, Siltronic AG's Human Resources Development department provided a target-group-specific range of training courses. All employee levels can register for a suitable training course on the intranet. The content ranges from leadership seminars for the store floor to modular project management courses lasting several days. The use of e-learning has been well received by the workforce since the pandemic.

In total, 5,171 Siltronic employees participated in training measures totaling 87,180 hours, throughout 2022. These are divided between mandatory training (71,574 training hours) and other internal and external training measures (15,606 training hours). Over 1,000 employees from our partner companies took part in the mandatory or optional training courses offered in 2022.

Demographic trends

At the end of 2022, the average age of the typical employee was 42.9 years. The following table shows the age structure of Siltronic employees worldwide. [GRI 405-1](#)

Age structure (as of December 31, 2022)

	Male	Female	Total
Up to 30 years of age	15 %	4 %	19 %
31 to 50 years of age	37 %	12 %	49 %
Over 50 years of age	25 %	7 %	32 %
Total	77 %	23 %	100 %

Remuneration and equal pay

In order to attract new competent 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 fund 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 costs and retirement benefits.

In line with our position described in the section “Diversity: Diversity and Equal Opportunity,” we are committed to equal pay. Accordingly, we reject any unequal treatment on the grounds of gender or age (or on the grounds of race, ethnic origin, religion, ideology, disability, sexual orientation).

It is important to us to treat temporary employees fairly. We pay at least the wage according to the collective agreement on industry surcharges for temporary workers in the chemical industry. This is supplemented by workplace and shift related as well as other voluntary allowances, which may vary depending on the company and location. In addition, Siltronic meets the requirements for equivalent remuneration under the German Law on Temporary Employment of Employees (Arbeitnehmerüberlassungsgesetz). Like the permanent employees of Siltronic AG at sites in Germany, the temporary workers employed at these sites also received a performance bonus in 2022 for their contribution to the success of the business in 2021. [GRI 401-2](#)

Development of employment numbers and reputation

In the year under review, 940 employees were recruited (previous year: 861), of whom 334 were based in Germany (previous year: 381) and 606 outside Germany (previous year: 480). The hiring corresponded to 22 percent of the average workforce for the year. In the same period, around 8 percent of employees resigned and Siltronic gave notice to around 1 percent of employees. There was no significant seasonality in the number of terminations. [GRI 401-1](#)

In the reporting year 2022, employees at all sites were honored for their long service to the company of up to 40 years. At the Singapore site, 5 employees were honored for their 20-year service anniversary. A total of 76 employees have been with Siltronic Singapore for more than 20 years. At the Portland site, 3 employees were honored for their 35th anniversary; a total of 30 employees have been with Siltronic for more than 20 years at this site. At Siltronic AG sites, a total of 125 employees were honored for their 25-year service anniversary and 26 employees for 40 years of loyalty to the company in 2022.

In 2022, Siltronic AG received 20 employer awards in the categories of training and development, career opportunities, equality, reputation, trustworthiness, and innovativeness and digitalization as part of market studies in Germany.

Feedback culture

Siltronic maintains an open feedback culture, which is reflected in various processes.

One such form is formalized individual appraisal interviews, in which the employee receives feedback from his or her supervisor on how the employee's development is viewed and how the employee's skills and potential are assessed. Another area of the appraisal interview concerns feedback from the employee to the supervisor.

Another medium variation is the intranet, which offers the employees the possibility to submit questions to the management in advance of employee meetings. These questions can also be asked anonymously.

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. [GRI 2-13, 2-23](#)

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 has been established as a Group-wide standard and certified at our sites. [GRI 2-24, 403-1](#)

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	2020	2021	2022
Injury frequency rate (LTIF) ¹⁾	2.1	2.1	4.5	3.8
Injuries involving chemicals ²⁾				
Number of employees affected	1	–	2	6

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 2022 was 2.0 for the injury frequency rate (LTIF) and 0 for injuries involving chemicals.

We did not achieve our targets for occupational accidents in the reporting year. There were 31 lost-time accidents, resulting in a calculated accident frequency value of 3.8 for 2022 compared with 4.5 for 2021. Due to subsequently discovered circumstances, one accident in the previous year, which was initially reported without lost time, had to be reclassified resulting in an increase in accident frequency from 4.4 to 4.5. There were no fatal occupational accidents in Siltronic's area of responsibility in recent years. In the reporting year 2022, a truck driver had an accident on a construction site in the area of responsibility of an external partner of Siltronic. This accident is not included in the Siltronic reporting system as a partner company accident, as it occurred outside Siltronic's area of responsibility. In 2022, 6 occupational accidents involving chemicals and lost workdays occurred. Due to the significant increase compared to the previous year, urgent measures are being initiated to reduce the number of accidents involving chemicals and to reach the target of 0 again. [GRI 403-9](#)

The number of accidents with lost workdays decreased compared to the previous year. The communication and idea management campaign for more safety at work, which was launched in 2021 due to the accumulation of accidents at a Siltronic plant, was successfully completed in 2022. Following preparatory workshops with safety officers, inputs from the internal idea management (IDM), as well as information events for all shifts, the campaign was launched in September 2021 with interviews on personal assessments of safety and health protection in the workplace. After nine months, almost 140 employee interviews, 56 campaign ideas for improvements in occupational safety and many votes and discussions, the commitment of the employees was rewarded with a lottery.

The Portland site promoted the use of the SAFER (See it, Assess it, Fix it, Escalate it, and Report it) program to increase the number of eliminations of unsafe acts and conditions. This program involves all employees in identifying and correcting hazards in their work area.

The main causes of accidents continue to be behavioral. We are therefore continuing initiatives that specifically address these causes and are designed to help our workforce prevent 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 and suspended during the pandemic was resumed in the second half of 2022 with 2 workshops. The elements of our established Safety Plus program, such as tours, on-site discussions with employees and TQM (Total Quality Management) rounds in the plants, were also implemented again without restrictions in mid-2022. [GRI 403-5](#)

Several units at the Burghausen site were also recognized in 2022 for working more than 12,000 days without an accident.

The Portland site has implemented a management walk-through process where members of senior management are available to all employees on all shifts at least once per quarter to discuss safety related issues and emphasize the importance of working safely and eliminating hazards.

To prevent accidents wherever possible, we have set up a global system for reporting near-miss incidents. By systematically processing these events, we aim to prevent actual workplace accidents wherever possible. In 2022, 1,807 near-miss incidents (previous year: 1,392) 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 one incident we achieved this target in 2022. No event was classified as an incident or subject to notification in the sense of the Hazardous Incident Ordinance.

Safety-relevant plant events

	2015	2020	2021	2022
Number of events	3	2	2	1

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 identify 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 we define protective measures accordingly.

Health protection

The company supports programs for health prevention of our employees. At the German sites, the company offers employees health check-ups, participation in the “Fit im Job” preventive program or a health week.

The Portland site continues to offer on-site flu vaccinations for each shift. This is an important benefit that results in higher vaccination coverage rates by removing many logistical barriers for employees. The site has also continued its quarterly health contests that help employees engage in healthy activities and behaviors. [GRI 403-6](#)

Impact of the pandemic

Due to the Corona pandemic, we still faced major challenges worldwide at the beginning of 2022. Thanks to the consistent implementation of measures and the flexibility of our workforce, production volumes were still not affected by the pandemic. In the second half of the year, the measures were significantly relaxed. In our view, the personal contacts and discussions that became possible again as a result may also have made a contribution to reducing the number of accidents at the German sites.

6. Supply chain

Sustainable Development Goals 7, 8, 9

UN Global Compact principles 1 – 10

Responsible Business Alliance Code of Conduct Topic E.12



Sustainability in the supply chain

In 2022, our purchasing volume was EUR 1,635 million (previous year: EUR 1,011 million). We cooperate with about 3,950 suppliers worldwide, with 6 percent of our suppliers covering around 90 percent of our purchasing volume. Half of the volume derives from Asia and the other half is split between Europe and North America. 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. [GRI 2-6](#)

In our Code of Conduct, we document our expectations of suppliers regarding the careful treatment of their employees and the environment and oblige them to comply with the principles of the UN Global Compact and Responsible Business Alliance initiatives through our purchasing conditions. We communicate our goals and measures in the area of sustainability and corporate responsibility to suppliers at regular supplier days. Measures to increase sustainable action in our supply chain are implemented holistically and globally in close coordination with the Head of Corporate Responsibility.

Siltronic's Human Rights Officer is also available to our suppliers' employees as a point of contact for reporting actual or expected violations of human rights. Initial contact can also be made through our local compliance officers. In 2022, no violations were reported by employees of our contractual partners.

In fiscal 2022, we installed a publicly accessible digital whistleblowing system that enables individuals to report violations that have arisen as a result of economic activity by the company or a direct supplier.

Since 2019, Siltronic has been a member of the Responsible Business Alliance, the world's largest industry association, with the aim of driving and embedding social responsibility in global supply chains further, better and more structurally.

We are also committed to promoting equality and diversity in our supply chain. Our goal to further increase procurement from and by diverse companies is communicated on our website. There, diversity-led companies have a direct contact and bidding channel to offer their products or services.

For many years, Siltronic has implemented a comprehensive system for managing its suppliers. The system is designed to ensure that suppliers continuously improve in the areas of quality, service, delivery risks and costs, and act responsibly in the area of sustainability with regard to working conditions, ethical standards, safety standards and the use of local resources. Corrective or improvement measures are developed and followed up with suppliers where necessary.

We continuously evaluate and assess the performance of over 100 suppliers worldwide. These suppliers represent our global procurement volume. We use various rating systems to assess the risk potential and performance of our partners.

In accordance with the rules of our supplier management system, we also regularly carry out a full assessment of the ESG (environmental, social, governance) risks of our supplier base. In doing so, we take into account the geographical location, the type of business activity and the volume of business we conduct with suppliers. The risks considered are divided into categories. Employment practices, health & safety, environmental aspects, business ethics and the maturity of management systems are taken into account. In 2022, this enabled us to assess the ESG risk potential of over 3,800 of our suppliers.

Based on the results of this risk analysis, we select focus suppliers for a more detailed investigation. In addition to suppliers with high procurement volumes or high risk potential, service providers whose employees work in our global production facilities together with our own staff are particularly important to us. We use the extensive self-assessments of the Responsible Business Alliance to precisely evaluate the risks of these focus suppliers. We have received and evaluated online self-assessments from over 80 percent of our focus suppliers by the end of 2022. These cover well over half of our total purchasing volume. On average, our suppliers achieve 81 out of a possible 100 points. We regularly monitor and report on the progress of the evaluation of our supplier portfolio both in the purchasing management circle and at Executive Board level and reflect this against our new targets set in 2022.

In addition to our own risk analyses of our supplier portfolio, we use reports on human rights violations and changes in legislation as an opportunity to specifically examine our supply chain and check compliance. In 2022 we analyzed the raw material polysilicon in detail as our most important supply chain. Our goal was to achieve complete transparency across all stages of polysilicon production and to ensure that no subcontractors involved in publicly known human rights violations are active in any of these stages. We succeeded in this as a result of the extensive analysis.

In 2022, we started to conduct ESG audits with our own qualified auditors at our suppliers. We distinguish there between dedicated ESG audits based on a complete catalog of criteria and an ESG assessment as part of supplier audits, which check compliance with the key requirements of our own Code of Conduct and the Code of the Responsible Business Alliance. We conducted five dedicated ESG audits in 2022, in addition to ESG assessments during 25 other supplier audits. Throughout this process, we were able to develop and implement numerous corrective and improvement measures together with our suppliers.

We also leverage the expertise of independent third parties in audits conducted by the Responsible Business Alliance. Two such audits of suppliers relevant to us were carried out in 2022. In the event of indications of deviations and deficiencies with regard to the Code of Conduct of the Responsible Business Alliance, we follow these up with the suppliers and check the implementation of appropriate corrective measures. We also participate in the Audit Cooperation Program of the Responsible Business Alliance, in which various customers join forces and jointly initiate audits. We were able to include four suppliers in the program.

In addition, we attach great importance to our suppliers obtaining certificates with which they can have the suitability of their management systems externally confirmed, also for social and environmental aspects. These also have a relevant influence on the assessment of our suppliers. We take into account certificates for standards, such as ISO 14001, ISO 45001 and ISO 50001, as well as participation or membership in the Responsible Business Alliance and comparable industry initiatives, and certifications in the area of diversity, such as the Women's Business Enterprise National Council or WEConnect. We conclude contracts with key suppliers in which we agree to obtain and maintain these certificates and can evaluate the coverage of our supplier portfolio with the standards in our supplier portal at any time.

In our contracts, we agree with suppliers to comply with our Code of Conduct and the Code of Conduct of the Responsible Business Alliance. These set out our basic expectations on issues, such as the prohibition of forced labor and child labor, limited maximum weekly working hours, fair wages, responsible treatment of the environment and impeccable business ethics.

Our goal in the coming years is to continue to use these supplier management processes and measures to further promote sustainable action in our supply chain, to reduce related risks together with our suppliers and partners, and continuously to improve.

Conflict minerals

Siltronic AG and its subsidiaries are committed to aligning the impact of their business activities with the expectations and needs of the company. Therefore, all decisions to be taken must be guided by the principles of responsible corporate governance and sustainability. Establishing fair trade practices is a key component of this commitment.

“3TG+CM” materials (tantalum, tin, tungsten, gold, including in their mineral form, as well as cobalt and mica) mined in the Democratic Republic of Congo or neighboring countries can be a source of funding for armed groups that commit human rights abuses in these regions. The substances are then referred to as conflict minerals. As part of our commitment to fair trade practices, Siltronic strives to ensure responsible sourcing of 3TG+CM through the establishment of an internal process for sourcing conflict-free 3TG+CM (known as the Conflict Minerals Procedure). In addition to our own beliefs, the commitment also stems from our membership in the Responsible Business Alliance and from our aim to better serve customers who are subject to conflict minerals laws.

Compliance with the Conflict Minerals Procedure is mandatory for all Siltronic employees. All employees must report violations or suspicious circumstances to the local Compliance Officer or Legal Department that may indicate a possible violation of the law or the Conflict Minerals Procedure.

Based on the Responsible Business Alliance Guidelines on Conflict Minerals, the OECD, EU regulations, and U.S. Securities and Exchange Commission rules on conflict minerals, the Conflict Minerals Procedure sets out the requirements for supply chain due diligence to identify the origin of 3TG+CM. We request every supplier to register in our supplier system to provide mandatory information on the use or sourcing of conflict minerals. In addition, questions on conflict materials are included in our supplier audit criteria catalog. Part of the due diligence process also includes confirmation or certification from suppliers that 3TG+CM do not originate from the Democratic Republic of Congo or neighboring countries. This due diligence goes back to the review of smelters on an occasion-by occasion basis. Procurement decisions may only be made on the basis of this supply chain due diligence.

Sustainability with regard to customers

In addition to memory chips and processors, a large proportion of our customers are involved in the topic of electricity control. These customers are either directly involved in the development and commercialization of sustainable products (electric generators, wind turbines) or aim to actively save electricity in industrial production, for example. This is at the level of end-use applications.

At the same time, technical progress or innovation is very important in Siltronic’s interaction with many customers, because this progress is faster in the semiconductor industry than in many other industries. Technical progress at semiconductor manufacturers is primarily reflected in the fact that conductor tracks are being made smaller. Smaller traces make chips more powerful with the same power consumption or offer the same performance with lower power consumption. This development is only possible if wafers meet more demanding physical and chemical requirements. Our customers set the development pace. The pace relates not only to wafer specifications, but also to sustainable framework conditions such as ensuring climate targets and sustainable raw material supplies at our company. The same requirements apply to our suppliers. In order to fully meet customer expectations in this area, we have therefore spent between five and 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 seven of our customers on CDP assessments for climate change and water security. Moreover, we are participating in a multi-year sustainability program with one of our customers.

Based on the requirements of the Responsible Business Alliance, we share with our customers the results of self-assessments and external audits conducted.

In annual supplier assessments by our customers, we have received several awards for excellence in sustainability in 2022.

Data security, cybersecurity and privacy

Data security, cybersecurity and data privacy concern the reliability and security of our information systems and data. This is a very important concern for us, as increasing digitalization brings risks as well as opportunities.

A significant risk results from potential cyber attacks. The number of cyberattacks on individuals, companies and other organizations is increasing worldwide. In the case of companies, a cyber attack usually affects IT systems and data that support business and production processes, as well as communication systems. There is also the risk of cyber economic espionage. This involves the potential loss of intellectual property or the unintentional leakage of knowledge gained in research and development. A successful attack can jeopardize long-term competitiveness.

To minimize the risks of serious disruptions to IT systems in terms of confidentiality, availability and reliability, we take organizational and technical protective measures. The most important measures include:

- Classification, identification and encryption of information
- Use of up-to-date security software, infrastructure and processes
- Regular sensitization of employees about cyber-security risks (e.g. phishing campaign), data security and data protection
- Central IT security monitoring and incident management through interaction between the Siltronic Cybersecurity Organisation and the external Security Operations Center
- Central system for user rights and access management to key applications
- Vulnerability management and security penetration testing
- Implementation of a central information security management system based on the ISO 27001 standard
- Conducting external and internal audits on IT security, emergency management and data protection issues

Natural persons as customers do not play a role due to our business model. Therefore, our data protection focuses on the processing of personal data of employees and business partners. The most significant data protection measures are:

- The appointment of a data protection officer and the definition of responsibilities for the Group
- The creation of a data protection guideline that applies to the Group
- Ensuring compliance with data protection laws when selecting suppliers and service providers
- Training employees in the handling of personal data
- The inclusion of contractual clauses under which Siltronic, customers and suppliers or service providers undertake to comply with relevant data protection laws

As part of Siltronic's risk management, the data security and data protection officers report relevant risks to the local data protection officers. In addition, the global Compliance Officer can be informed via the external ombudsman or the digital whistleblower system. The global Compliance Officer reports to the Executive Board and the Audit Committee of the Supervisory Board.

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. It means talking openly about what happens behind the factory gates and responding to questions from the public worldwide. This is the only way to create the social trust that companies need in order to be commercially successful. Therefore, Siltronic assumes social responsibility, especially in the regions surrounding its sites. Our concepts in this regard go beyond the global Responsible Business Alliance and UN Global Compact initiatives described above:

Combating legal violations, particularly corruption and bribery

To combat money laundering, corruption and bribery, Siltronic AG has introduced its own process for analyzing each business partner on a risk basis, namely the Know Your Business Partner process (KYBP). Part of the process is the risk assessment of a business partner based on the current Corruption Perception Index of Transparency International as well as the location in a so-called high-risk country. Another part of the process is the examination of indications as to whether the business partner is involved in money laundering, corruption or other criminal activities. This is done on a cross-departmental basis (account checks, invoice audits). An assessment of all Siltronic's business partners has shown that Siltronic is almost exclusively active in countries with a below-average risk of corruption according to the CPI. Siltronic has no activities in a high corruption risk country. If the process identifies an increased risk of illegal activities on the part of a business partner, reporting obligations and more extensive checks involving other specialist departments are provided for, up to and including clearance requirements by higher management. The process also contains rules on documentation and the KYBP audit, as well as corresponding retention periods.

We take a firm stance against any form of infringement of the law. Irrespective of the probability of occurrence in any particular country, our compliance system, as described above, is designed to prevent, identify and sanction compliance violations in the form of money laundering, corruption, bribery, fraud, infringements of competition rules and other forms of white-collar crime in every market in which we operate.

In our understanding, bribery includes any form of acceptance of advantage. It is irrelevant whether money or monetary benefits are given or received. Internally, our Legal & Compliance Policy contains detailed rules on dealing with business partners. It sets out requirements for combating corruption and avoiding conflicts of interest, e.g. specific value limits and approval requirements from superiors for benefits including invitations to business meals or other events. Cash transactions are only permitted to a limited extent, and so-called smurfing and structuring are also specifically prohibited. Exceptional cases in which cash transactions are permitted are defined and documented in separate rules of procedure (e.g. red envelopes). In accordance with our Code of Conduct, our external business partners are required to comply with the rules on gifts, invitations, donations and sponsorship.

In the event of observed violations, employees are required to inform their supervisors, the compliance officers, the works council or those responsible in the HR department. Our employees and third parties can anonymously report violations of legal regulations, human rights or Group-wide compliance rules via a digital whistleblowing system (Integrity Line). We have also appointed an external ombudsman to whom employees and third parties can anonymously report violations of legal requirements. The link to our whistleblowing reporting system and to our ombudsman is available on the intranet and on our homepage. In accordance with our rules of procedure for compliance reporting, Siltronic investigates every suspicion, examines the matter and defines measures to remedy identified weaknesses and, if necessary, disciplinary measures. Retaliation of any kind against persons who report compliance incidents in good faith is prohibited. The rules of procedure for handling compliance reports are published on our website and on the intranet. The Executive Board of Siltronic AG is informed by the Chief Compliance Officer about compliance incidents on a monthly basis and as required in a compliance report. The Chief Compliance Officer also reports to the Supervisory Board at the meetings of the Audit Committee. [GRI 2-16, 2-26](#)

In 2022, we did not receive any compliance reports on the topics of money laundering, corruption and bribery. [GRI 2-27](#)

Employees with contact to business partners are required to complete an e-learning training course on compliance. Production employees receive classroom training tailored to their needs by managers. All employees in sales and marketing must also complete an online training course on antitrust law.

Human rights

After being passed in 2021, the Act on Corporate Due Diligence Obligations in Supply Chains came into force on January 1, 2023. The law regulates corporate responsibility for human rights compliance in global supply chains. The new legislation increases the requirements for compliance and risk management. Our four production sites are located in highly developed industrialized countries where the risk of human rights violations is low compared to less developed countries. As we want to actively counter human rights violations at our sites and in the upstream and downstream supply chain, we have taken measures to identify possible violations. Explanations on audits carried out in this context can be found in the chapter "[Sustainability in the supply chain](#)".

Through our Code of Conduct, we explicitly refer to the ten principles of the United Nations Global Compact Initiative. The first two principles of the Global Compact deal with the support of human rights and the exclusion of human rights violations. Based on the first principle of the Global Compact "Support for human rights" and the second principle "Exclusion of human rights violations", Siltronic implements the following measures in particular:

- As part of our general purchasing conditions, we expect our suppliers to comply with the principles of our Code of Conduct, which also includes human rights requirements
- 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 take action.
- In our Code of Conduct and vis-à-vis our customers, we commit ourselves to supporting human rights and excluding human rights violations.

The Executive Board has appointed a Human Rights Officer who defines measures to ensure compliance with human rights and environmental due diligence obligations. The Human Rights Officer identifies the human rights and environmental due diligence risks of Siltronic and its direct suppliers. The results of the risk analysis are subsequently incorporated into the company's human rights strategy. In fiscal 2022, a digital whistleblowing system was installed that will in future also enable individuals to point out violations of relevant human rights or environmental risks that have arisen as a result of economic activities by the company or a direct supplier.

Non-profit purposes and "corporate volunteering"

In the reporting year 2022, Siltronic provided financial support for a total of 45 activities in Germany, the USA and Singapore. Total donations amounted to EUR 169 thousand (previous year: EUR 542 thousand). A particular focus was on aid activities for war victims in Ukraine.

Employees at German sites participate in a cents donation program run by a Wacker Chemie AG aid fund. Under this program, employees agree to round their monthly salary payment down to the next lower euro amount. The remaining cents are donated.

Siltronic employees at the Freiberg site are involved every year in the Nepal Run, which takes place in the fall. Due to the Corona pandemic, this charity run was held as a virtual event so that Siltronic employees worldwide could participate in this campaign. Organized by a school near the Freiberg site, the charity run aims to raise money for the construction of schools in the Gati region of Nepal.

Employees have been supporting people in need in the Portland region together with Doernbecher Children's Hospital for around 20 years. A total of eight families were supported in 2022 through a donation program run by our employees.

In the reporting year, Siltronic supported a total of 12 initiatives in the areas of poverty and nutrition as well as environmental protection at the Portland site.

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 dialogue 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; neither has made any donations to political parties in the year under review. [GRI 415-1](#)

Dialogue at regional levels

At our sites, we maintain a regular exchange with the authorities in the area of environmental protection.

Our production company in the USA was awarded the “Gold level for Sustainability at work” by the authorities of the city of Portland/Oregon in 2020. This award is valid until 2023. In 2021 we also received the “Gold award for No pretreatment violations” from the authorities of the city of Portland/Oregon.

The Freiberg site is committed to “cosmopolitanism” and has been a member of the “Economy for a cosmopolitan Saxony” association since 2019. The network wants to accompany and concretely promote immigration and thus contribute to improved economic performance in Saxony.

Partnerships and membership in associations and initiatives

In 2022, we have taken part in the following initiatives:

CDP Climate change, water security

In 2022, we participated for the fifth 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	2021	2022
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 updated Communication on Progress in 2022. In addition, the company has participated in local events organized by the UN Global Compact Network Germany.

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 CO₂-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.

Siltronic does not play a leading role in any of the partnerships or memberships. [GRI 2-28](#)



Taxes

Information on tax strategy, tax compliance and the respective monitoring system [GRI 207-1, 207-2, 207-3](#)

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 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.

Siltronic's tax strategy is based on its corporate strategy. Corporate decisions are made on the basis of economic factors. Siltronic does not engage in any practices 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.

The tax strategy is publicly available on Siltronic's homepage.

The responsibility for 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 set up a tax compliance management system (Tax CMS) that implements the relevant tax regulations. 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 CMS, Group units report violations of tax obligations to the tax department of Siltronic AG. In addition, as part of the general compliance system, violations of tax obligations can be reported to the compliance officer or the external ombudsman.

Country specific information [GRI 207-4](#)

The table below 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 are two small sales units in the form of a permanent establishment of Siltronic AG in Italy and France, where one employee is employed in each case. 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 unit is still exempt from tax due to the high level of investment in buildings and machinery. The tax exemption is limited in time.

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 2022	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	2,725	963	549	723	155	34	41
Singapore	1,325	1,877	659	484	294	17	8
US	382	86	178	127	26	0	6
Subtotal	4,432	2,926	1,386	1,334	475	51	55
Sales							
Taiwan	15	51	259	1	7	1	0
Japan	15	12	108	0	3	1	0
Other ⁵⁾	26	8	52	3	2	1	1
Subtotal	56	71	419	4	12	3	1
Consolidation				-1,338	0	-1	
Group	4,488	2,997	1,805	0	487	53	56

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, short-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 five years.

⁵⁾ Includes small sales offices in Korea, (mainland) China, France and Italy. These entities have tax expense, figure zero shown in the table results only from rounding to full million euros the figure shown in the table is 0 only due to rounding to full EUR million.

United Nations Global Compact – Communication on Progress 2022

Siltronic has been participating in the UN Global Compact since 2017 and hereby reports on its progress. This overview references

the 10 principles of the UN Global Compact to the progress in the respective chapters of the report in the reporting year 2022. In addition, the progress in 2022 is documented and published in a structured questionnaire of the UN Global Compact. [GRI 2-23](#)

Ten principles of the UN Global Compact	Relevant headings in this report	Selected measures and progress in the reporting year 2022
<p>Human rights</p> <p>Principle 1 Support of human rights</p> <p>Principle 2 Exclusion of human rights abuses</p>	<ul style="list-style-type: none"> Corporate ethics at Siltronic The impact of ethical principles on the organization of Siltronic Human rights Partnerships 	<ul style="list-style-type: none"> 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.
<p>Labor standards</p> <p>Principle 3 Uphold freedom of association</p> <p>Principle 4 Eliminate all forms of forced and compulsory labor</p> <p>Principle 5 Abolition of child labor</p> <p>Principle 6 Elimination of discrimination</p>	<ul style="list-style-type: none"> Relationship with employee representatives and employees' rights Diversity Sustainability with regard to customers Human rights Partnerships 	<ul style="list-style-type: none"> 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.
<p>Environmental protection</p> <p>Principle 7 Precautionary environmental protection</p> <p>Principle 8 Initiatives for improved environmental responsibility</p> <p>Principle 9 Development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> Climate change Environmental protection measures The impact of ethical principles on the organization of Siltronic Dialogue at regional levels Influence of climate change 	<ul style="list-style-type: none"> Climate strategy: Siltronic has developed a climate strategy and set climate targets: CO₂ 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. Dialogue – 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.
<p>Anticorruption</p> <p>Principle 10 Measures to fight corruption</p>	<ul style="list-style-type: none"> Corporate ethics at Siltronic Combating legal violations, particularly corruption and bribery 	<ul style="list-style-type: none"> 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.

8. Corporate governance

Dual management system

As a stock corporation domiciled in Germany, Siltronic AG is subject to the German Stock Corporation Act. This prescribes a dual management system consisting of an Executive Board and a Supervisory Board.

The Executive Board manages the parent company and thereby the Group. According to the German Stock Corporation Act, an Executive Board member may not at the same time be a member of the Supervisory Board. [GRI 2-9, 2-11](#)

In accordance with the Stock Corporation Law, the task of the Supervisory Board is to monitor and advise the Executive Board. To ensure this, the Supervisory Board meets regularly without the Executive Board, in particular on issues relating to Executive Board compensation and succession planning. Since 2022, the Audit Committee has also met regularly without the Executive Board, in line with the recommendation in section D.10 of the German Corporate Governance Code. At Supervisory Board meetings held in the presence of the Executive Board, the Supervisory Board obtains information on the course of business, the situation of the company and its strategic development, as well as on the risk situation, the activities of the internal audit department and compliance issues. The Supervisory Board and the relevant committees are involved at an early stage in all decisions of fundamental importance. Outside the regular meetings of the Supervisory Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee are also in close contact with the Executive Board and are kept informed of current developments and major business transactions. The Supervisory Board is classified as the highest body. [GRI 2-9](#)

Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board consists of twelve members. In accordance with the German Codetermination Act, it is composed of equal numbers of shareholder and employee representatives. The employee representatives on the Supervisory Board are elected by the workforce of Siltronic AG from its members. In accordance with the German Codetermination Act, two of the six employee representatives are appointed by trade unions. The aim of the Codetermination Act is for the capital side and the employee side to reach decisions on the Supervisory Board by consensus. [GRI 2-9](#)

Through the composition of the Supervisory Board, the German Codetermination Act also limits the influence of shareholders who have a high proportion of voting rights but do not hold a majority of the voting rights. [GRI 2-9](#)

The professional activities of Supervisory Board members, the composition of committees and which Supervisory Board members were delegated to the Supervisory Board by employees with their first and last names are indicated in the audited consolidated financial statements. In addition, the competence profile of the Supervisory Board members and the associated qualification matrix are explained in the corporate governance statement.

[GRI 2-9](#)

Significant regulations for the Supervisory Board

The section "Declaration on corporate governance" of the consolidated financial statements in the audited management report describes the following: [GRI 2-9, 2-10](#)

- General rules concerning the composition of the Supervisory Board
- Cooperation and division of duties between Supervisory Board and Executive Board
- Shareholder and employee representatives on the Supervisory Board (German Codetermination Act)
- Declaration of conformity with the German Corporate Governance Code
- Committees including the Nomination Committee, which is responsible for proposing new members to the Supervisory Board
- Independence
- Duration of appointment and age limit
- Diversity concepts for Executive Board and Supervisory Board
- Credentials profile

Information on other mandates of the Supervisory Board members can be found under "Supervisory Board report". [GRI 2-9](#)

(Potential) Conflicts of interest

The Supervisory Board must comply with regulations on conflicts of interest and potential conflicts of interest. These are described in the audited management report in the chapter "Declaration on corporate governance" under the headings "Independence of the Chairman of the Supervisory Board", "Independence and potential conflicts of interest", "Conflicts of interest" and "Related party transactions". [GRI 2-15](#)

As far as potential conflicts of interest are concerned, there is a particularity in the relationship between Siltronic AG and Wacker Chemie AG, Munich.

Siltronic AG has its historical roots in Wacker Chemie AG (Wacker). Wacker founded the legal predecessor of Siltronic AG in 1968, and until Siltronic AG went public in 2015, the Wacker Chemie Group was the sole owner of Siltronic AG. In 2017, the Wacker Group reduced its stake in Siltronic AG to around 31 percent. Due to the remaining relationship under company law, Wacker qualifies as a related party for Siltronic. Siltronic obtains supplies and services from the related party Wacker Chemie AG in certain areas.

To ensure that business relations with Wacker are appropriate, a review process has been implemented at Siltronic. The process is designed to review the terms and conditions of Wacker's supplies and services to ensure that they are in line with market practice. In addition to Purchasing, Siltronic's Controlling and Tax departments and Chief Compliance Officer are also involved in the process. Only members of the Supervisory Board who are not concerned about a conflict of interest take part in the resolution on the approval of transactions with related parties. [GRI 2-15](#)

In addition, Siltronic AG also engages an auditing firm on a case-by-case basis to determine whether, in its view, the terms and conditions for the purchase of supplies and services from Wacker are in line with market practice and in the ordinary course of business for Siltronic AG. [GRI 2-15](#)

The internal and external audits showed that the prices and conditions were in line with the market.

Involvement of the Supervisory Board in non-financial issues

The Supervisory Board is involved in non-financial issues in two ways:

Firstly, the Executive Board discusses non-financial topics with the Supervisory Board in regular meetings. The most important points of contact for the Executive Board within the Siltronic organization for non-financial issues are the Corporate Responsibility department, which reports directly to the Executive Board. With regard to risks in the non-financial area, the most important reporting channels for the Executive Board are the Chief Compliance Officer and the Chief Risk Officer. [GRI 2-12](#)

In addition, the Chief Compliance Officer and the Chief Risk Officer report to the Audit Committee of the Supervisory Board on significant issues on a quarterly basis. [GRI 2-12, 2-16](#)

The non-financial report was reviewed by the Supervisory Board of Siltronic AG. The non-financial report is sent to each member of the Supervisory Board for review and comment. In addition to its own review, as stated at the beginning of this report, the Supervisory Board commissioned the auditing firm KPMG AG to review the non-financial report in order to obtain limited audit assurance. [GRI 2-14](#)

Remuneration

The compensation of the members of the Supervisory Board and the Board of Management is published in the compensation report. The compensation report describes the compensation models in detail and shows the absolute compensation in fixed and variable amounts. The compensation report has been audited by the auditing firm KPMG AG. [GRI 2-19, 2-20](#)

GRI-Content index

The information presented in this GRI Content Index is reported for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards. The GRI has been informed about the use of the GRI Standards.

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EU Taxonomy

Taxonomy-eligible economic activities are, in principle, capable of making a significant contribution to defined six environmental objectives in industrial sectors selected by the EU. The environmental objectives are climate protection, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of environmental pollution, and protection and restoration of biodiversity and ecosystems. Considering this, the EU has summarized the activities in a regulation, in simple terms called “EU Taxonomy Regulation”.

In order to combat global warming, the EU has analyzed the activities of industries 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.

Of the approximately 90 activities, 25 activities relate to the energy sector, 17 activities to the transport sector, 12 activities to the supply/disposal sector and seven activities cover the real estate sector, forestry/environmental protection and information/services.

Only 17 activities relate to the production of physical goods. The 17 activities have been narrowly defined by the EU and relate predominantly to the production of highly GHG-intensive products such as aluminum, iron/steel, fertilizers, organic basic materials, selected chemicals or cement. If all the world’s cement producers were combined, the Group would be the world’s third-largest greenhouse gas emitter after China and the USA. In contrast, the greenhouse gas emissions associated with the production of wafers are irrelevant.

Therefore, it is not surprising that the production or sale of wafers does not appear in the EU list of taxonomic activities. The fact that wafers or their further development contribute to increasing energy efficiency at subsequent stages of the value chain is not of significant importance for the EU taxonomy. Against this background, we state the mandatory taxonomy-eligible sales as 0 percent of sales in the reporting year.

In addition to taxonomy-eligible sales, the EU taxonomy requires further disclosures: these are the “CapEx” and “OpEx” metrics defined in the EU taxonomy, as well as taxonomy-aligned sales, CapEx and OpEx. While taxonomy-eligible activities only represent the potential to support an environmental goal, taxonomy-aligned

activities actually make a significant contribution. Another condition for taxonomy alignment is that there must be no significant negative impact on the other environmental goals. This is why, for example, the production of cement is taxonomy-eligible. One of the many conditions for taxonomy alignment is that a metric ton produced cement must not generate more than 0.53 metric tons of CO₂ eq of greenhouse gas emissions. The calculations for conformity are complex and the amount of evidence required is considerable.

The CapEx figure indicates the extent to which expenditures of an investment nature were made in the reporting year that can contribute to the reduction of greenhouse gas emissions according to the definitions of the EU taxonomy (Siltronic’s business activities relate to the EU taxonomy’s environmental goal of climate protection). For Siltronic, we have calculated a share of 25 percent. For the assessment basis and calculation, we refer to the table below “Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities”.

The OpEx figure indicates the extent to which operating expenses were incurred in the reporting year that can contribute to the reduction of greenhouse gas emissions according to the definitions of the EU taxonomy. For Siltronic, we have determined a share of 11 percent. For the assessment basis and calculation, we refer to the table below “Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities”.

The ratios are determined on the basis of Delegated Regulations (EU) 2020/852, 2021/2139 and 2021/2178 in conjunction with the accounting policies applicable to the consolidated financial statements. In the absence of taxonomy-eligible revenues, expenses of a capital nature and operating expenses are not taxonomy-eligible if they are directly related to the production of wafers. Nevertheless, Siltronic does have taxonomy-eligible expenses for CapEx and OpEx. The reason for this is the direct allocation of expenses to the economic activities listed in Regulation 2021/2139. In order to avoid double counting, expenses were only allocated to one economic activity. The main taxonomy-eligible economic activities are related to water supply and sanitation equipment and construction of buildings. The indication of CapEx and OpEx that are parts of a plan to expand taxonomy-aligned economic activities or allow the conversion of taxonomy-eligible economic activities into taxonomy-aligned economic activities is not relevant. There is currently no planning to expand taxonomy-aligned activities.

Limited Assurance Report of the Independent Auditor regarding the combined separate non-financial report¹

To the Supervisory Board of Siltronic AG, Munich

We have performed a limited assurance engagement on the combined separate non-financial report of Siltronic AG, Munich (further "Company" or "Siltronic AG"), and the Group (further "combined separate non-financial report") for the period from January 1 to December 31, 2022.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the combined separate non-financial report in accordance with Sections 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU Taxonomy" of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy

Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, 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).

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's combined separate non-financial report are not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "EU Taxonomy" of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

¹ Our engagement applied to the German version of the combined separate non-financial report 2022. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- 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 management and relevant employees involved in the preparation of the combined separate non-financial report about the preparation process, about the internal control system related to this process, and about disclosures in the combined separate non-financial report.
- 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 Singapore.
- 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 and taxonomy-aligned economic activities.

- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined separate non-financial report.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance 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, 2022 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section "EU Taxonomy" of the combined separate non-financial report.

Restriction of Use

This assurance report is solely addressed to the Supervisory Board of Siltronic AG, Munich.

Our assignment for the Supervisory Board of Siltronic AG, Munich, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/laab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, March 7, 2023

KPMG AG Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Koeplin
Wirtschaftsprüfer
[German Public Auditor]

Vogl
Wirtschaftsprüferin
[German Public Auditor]