

Remuneration system of the Executive Board 2020

The remuneration system for members of the Executive Board of Siltronic AG, which has been in force since fiscal year 2017, was approved by the Annual General Meeting on April 19, 2018. The Supervisory Board was not satisfied with the approval rate of 64.2 percent in the Annual General Meeting. The Supervisory Board has taken the concerns expressed by institutional investors and proxy advisors as an opportunity to comprehensively review and revise the remuneration system - also against the background of the implementation of the Shareholders' Rights Directive (ARUG II). At its meeting on 4 March 2020, the Supervisory Board resolved a new remuneration system retroactively as of 1 January 2020. The revised remuneration system will be submitted to the Annual General Meeting on 26 June 2020 for approval under item 10 of the agenda. The following overview explains the adjustments and how the Supervisory Board has addressed the expressed concerns. With regard to the details, please refer to the invitation to the Annual General Meeting.

| | Remuneration system 2017 | Concerns raised by proxy advisors / institutional investors | Remuneration system 2020 |
|---|---|---|---|
| Allocation fixed / variable shares | <ul style="list-style-type: none"> Basic remuneration: 50 % of the target salary MTI: 24.5% of target salary LTI: 25.5% of target salary <i>Percentages refer to target salary without benefits and additional costs (for target total compensation including benefits see below)</i> | <ul style="list-style-type: none"> The proportion of variable remuneration should be higher (market practice: fixed remuneration between 35% - 40%). The level of long-term variable remuneration should be more significantly higher than the level of short-term variable remuneration. | <ul style="list-style-type: none"> Share of variable remuneration increased to 60% of target salary: <ul style="list-style-type: none"> Basic remuneration: 40% of target salary STI: 25% of target salary LTI: 35% of target salary Mathematically, target compensation increases through an increase in the variable component. However, the maximum shall remain the same (see caps below). <i>Percentages refer to target salary without benefits and additional costs (for target total compensation see below)</i> |

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|----------------------------------|---|--|---|
| Annual bonus (STI or MTI) | <ul style="list-style-type: none"> • Bonus is based exclusively on operating figures with one retrospective year (2-year-Ø): <ul style="list-style-type: none"> ○ Planned net cash flow: 25% ○ Planned EBIT: 25% ○ EBITDA margin: 50 • Discretionary factor 0,7-1,3 | <ul style="list-style-type: none"> • Retrospective performance period is not market standard; a one-year performance basis is customary for the annual bonus • variable compensation elements should include both operational and strategic goals • Remuneration of the Management Board should at best contain narrow discretionary elements • Variable remuneration should also include ESG performance criteria | <ul style="list-style-type: none"> • Abolition of the discretionary factor. • The basis of assessment is now only that of the year of remuneration. • Operational performance criteria: <ul style="list-style-type: none"> ○ Planned net cash flow (40%) ○ Planned EBIT (40%) • Non-financial KPIs (20%): <ul style="list-style-type: none"> ○ 1-2 strategic, 1 of which may be individual; ○ 1 ESG performance target based on ESG targets of the company • Ex-post publication of the operational objectives and the degree of target achievement; in the case of non-financial objectives, the degree of target achievement is published (but not the target values if they contain confidential or competitively sensitive information). |

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|----------------------------------|--|--|---|
| Long-term incentive (LTI) | <ul style="list-style-type: none"> • Assessment basis: 2 years retrospective and 2 years holding period of virtual shares • virtual shares (Ø-Xetra price in 30 trading days before the end of the financial year) + dividends on virtual shares • Bonus is based exclusively on operating ratios (2-year-Ø): <ul style="list-style-type: none"> ○ Planned net cash flow: 25% ○ Planned EBIT: 25% ○ EBITDA margin: 50 • Discretionary factor 0,7-1,3 | <ul style="list-style-type: none"> • long-term remuneration should also include a performance factor (not only be based on share performance). • The holding period of 2 years is too short. • The holding period should be at least 4 years. • Remuneration of the Management Board should at best contain narrow discretionary elements. | <ul style="list-style-type: none"> • Discretionary factor is abolished. • Retrospective period is abolished. • Fixed amount (=35% of target compensation) is converted into virtual shares based on the Ø-Xetra price of the last 30 trading days of prior year. • Extension of the holding period: Holding period/performance period will be 4 years in future. • Introduction of performance factor: The final number of shares is multiplied by a target achievement rate of 0% - 200%; if the target value is 100%, the target value is based on this: <ul style="list-style-type: none"> ○ 50%: EBITDA margin improvement / deterioration vs. peer wafer manufacturers in 4 year period (Shin-Etsu, Sumco, GlobalWafers, SK Siltron) ○ 50%: Ø Achievement of the annual EBIT targets (comparison of target/actual per year) • Virtual shares are converted into cash at the end of the performance period as before and paid out plus accumulated dividend payments during the holding period for each virtual share. • The targets and the degree to which they have been achieved are published ex-post. |

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| Pension | 15% (above 150% of the contribution assessment ceiling of the statutory pension insurance) or 12.25% of the pensionable annual income (basic salary) constitute pension expenses. After the occurrence of the pension event, the annual pension benefit to be paid amounts to 18% of the total pension expense made available up to that point. | <ul style="list-style-type: none"> Pure defined benefit systems no longer correspond to market practice and, against the background of the low interest rate environment, harbour risks. | <ul style="list-style-type: none"> In the case of reappointments and new appointments, changeover to standard pension new (current supplementary pension of the company): <ul style="list-style-type: none"> Pension expenses amounting to 30% of the basic remuneration Interest rate: 5-year current yield, but at least 2.5% and at most 5%. The Pension service costs significantly decrease. |
| Cap | <ul style="list-style-type: none"> Cap for bonus: 260% (target achievement between 0-2 + discretionary factor of max. 1.3) | <ul style="list-style-type: none"> An overall cap should also be defined that includes service charges and supply. | <p>The target compensation increases arithmetically due to the higher share of variable compensation. The caps have been lowered so that the maximum compensation is not increased:</p> <ul style="list-style-type: none"> Cap for STI: 200% Cap for LTI: 200% Cap target compensation (basic compensation + STI + LTI): <ul style="list-style-type: none"> CEO: 2.200.000 EUR (as before) CFO: EUR 1,440,000 (as before); as of 2021: EUR 1,560,000 maximum compensation (basic compensation + STI + LTI + benefits + additional costs) <ul style="list-style-type: none"> CEO: EUR 2,450,000 CFO: EUR 1,810,000 |

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| Malus / Clawback | <ul style="list-style-type: none"> • bonus may be cancelled if the employment relationship of the Executive Board member is terminated for cause by the Company before the end of the fiscal year and before the number of phantom shares is determined. | <ul style="list-style-type: none"> • In justified cases, it should be possible to withhold or reclaim variable remuneration. | <ul style="list-style-type: none"> • Extension: Breach of duty within the meaning of Section 93 of the German Stock Corporation Act (AktG) and significant violations of the Code of Conduct may lead to forfeiture of the variable remuneration not yet paid. |
| share ownership | <ul style="list-style-type: none"> • Fixed number of shares: <ul style="list-style-type: none"> ○ CEO: 5000 shares ○ CFO: 3500 shares for the duration of the order | <ul style="list-style-type: none"> • Holding obligation should relate to the amount of the basic annual remuneration | <ul style="list-style-type: none"> • Shares in the amount of 50% of fixed annual remuneration before tax $\hat{=}$ one-time fixed remuneration after tax annual (based on value at the time of acquisition) • buildup phase for new Executive board members (within 3 years). |

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| Peer group | <ul style="list-style-type: none"> No peer group defined to measure appropriateness | <ul style="list-style-type: none"> A peer group should be used and published to assess the appropriateness of the specific total compensation compared to other companies. | <ul style="list-style-type: none"> Peer group of competing wafer manufacturers not suitable, as they publish insufficient compensation information Supervisory Board has therefore defined a peer group of MDAX/TecDAX/SDAX companies consisting of German listed companies to review the horizontal appropriateness on an annual basis: <ul style="list-style-type: none"> Carl Zeiss Meditec Jenoptik Norma Group Fuchs Petrolub Gerresheimer Sartorius |

Overview of concrete target remuneration and maximum remuneration 2020 of the acting members of the Executive Board

| Salary components | Dr. C. von Plotho | | R. Irle | |
|---------------------------|----------------------|------------------------------------|----------------------|--|
| | Target amount (100%) | Maximum amount | Target amount (100%) | Maximum amount |
| Annual salary (40%) | 550,000 € | 550,000 € | 360,000 € | 360,000 € |
| STI (25%) | 343,750 € | 687,500 € (max. 200%) | 225,000 € | 450,000 € (max.200%) |
| LTI (35%) | 481,250 € | 962,500 € (max. 200%) | 315,000 € | 630,000 € (max. 200%) |
| Compensation | 1,375,000 € | 2,200,000 € | 900,000 € | 1,440,000 € |
| Fringe benefits | 30,000 € | fringe + pension max. 250,000 € | 30,000 € | fringe + pensions max. 370,000 € (from 2021: max. 250,000 €) |
| Pension expense | 94,590 € | | 190,610 € | |
| Total compensation | 1,499,590 € | 2,450,000 € | 1,120,610 € | 1,810,000 € |

Model adjusted compensation system

